

THE MADRAS LEGISLATIVE COUNCIL.

Friday, the 18th March 1955.

The House met in the Council Chamber, Fort St. George, at three of the clock, Mr. Chairman (THE HON. DR. P. V. CHERIAN) in the Chair.

I.—QUESTIONS AND ANSWERS.

STARRED QUESTIONS.

Municipal water-supply system at Ootacamund.

* 243 Q.—SRI T. PURUSHOTHAM: Will the Hon. the Minister for Health be pleased to state—

(a) when the present Municipal Water-supply system at Ootacamund was installed;

(b) the population of Ootacamund the original scheme was designed to serve;

(c) its present population; and

(d) what arrangements have been or are proposed to be made to improve the water-supply in the town to suit modern needs?

THE HON. SRI A. B. SHETTY :—“(a) In the year 1897, Sir.

“(b) 14,900.

“(c) 41,414 (as per 1951 census).

“(d) The field work for the investigation of the comprehensive improvements has now been completed and the report is being prepared by the Sanitary Engineer.”

SRI T. PURUSHOTHAM :—“May I know, Sir, whether the Government have included the improvement of the water-supply system in this town for aid under the Five-Year Plan?”

THE HON. SRI A. B. SHETTY :—“The investigation report is under scrutiny. The proposed improvements will be taken up early.”

SRI T. PURUSHOTHAM :—“Are the Government aware, Sir, that visitors and tourists are put to great hardship on account of water shortage in the hotels at Ootacamund, and would the Government advise the Sanitary Engineer to the Government to take up this matter with the municipality to see that some make-shift arrangement is made for ensuring adequate water-supply during the ensuing season in Ootacamund?”

THE HON. SRI A. B. SHETTY :—“I shall have the suggestion of the hon. Member considered.”

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SRI T. PURUSHOTHAM :—" Will the Hon. Minister please tell us whether the Government have included Ootacamund (Queen of the Hill stations) as a tourist centre, and whether they have made any representations to the Union Government to develop this hill station as a first-class tourist centre? "

THE HON. SRI A. B. SHETTY :—" A separate question may be put, Sir."

SRI T. PURUSHOTHAM :—" Will the Government consider the possibility of holding a session of our Legislature in Ootacamund just to keep this Queen of Hills as attractive as in the olden days? "

THE HON. SRI A. B. SHETTY :—" I may tell the hon. Member that this supplementary question has nothing to do with the main question."

DR. V. K. JOHN :—" Sir, are the Government aware that the water-supply system in many other municipalities also is not satisfactory, especially at Kodaikanal, which is another health centre? "

THE HON. SRI A. B. SHETTY :—" It may be so, Sir. I know the hon. Member has a permanent residence there, and therefore he must be well acquainted with the needs of the place."

Purchase of radium needles for the Barnard Institute of Radiology.

* 244 Q.—DR. A. SREENIVASAN: Will the Hon. the Minister for Health be pleased to state—

(a) whether purchase of radium needles for the Barnard Institute of Radiology was made in 1947;

(b) if so, the quantity so purchased and its value;

(c) whether any payment was made to the supplier and if so, on whose authority the payment was made;

(d) whether the consignor sent any certificate of purity for the needles supplied; and if so, when;

(e) whether it was brought to the notice of the authorities that the needles supplied were sub-standard and if so, who brought to light the deficiency in the quality of the needles;

(f) whether any enquiry was held as to the suitability of the radium so purchased;

(g) whether it is a fact that as a result of enquiries, the Government decided to recover any amount from the Director, Barnard Institute of Radiology and if so, the amount proposed to be recovered from him; and

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(h) whether any amount has been recovered from him so far and if not, why not?

THE HON. SRI A. B. SHETTY :—“(a) Yes, Sir.

“(b) 694. 70 mgms. of radium needles at a cost of rupees 67,314-14-7.

“(c) Payment was made to the supplier under the orders of Government.

“(d) Yes, in 1952.

“(e) Yes. The Director of the Barnard Institute of Radiology.

“(f) Yes, Sir.

“(g) No, Sir.

“(h) Does not arise.”

DR. A. SREENIVASAN :—“May I know, Sir, whether the Government ordered the payment without knowing anything about the purity of the radium? The officer in-charge of the radium department should have advised payment. If so, did he examine the article he received from the consignor before he advised the Government to order payment?”

THE HON. SRI A. B. SHETTY :—“The order for the radium was placed by the Superintendent of the Government General Hospital. There was no office of the Director of Barnard Institute of Radiology at that time. When the needles were received, the bundle of certificates received with the consignment was handed over by the Professor of Radiology to the Physicist of the Institute to examine and tally them with the indent placed and report on their correctness or otherwise. The Physicist reported that the certificates tallied with the order placed. He reported after a lapse of three months that the purity certificates were not received from the suppliers. The matter was immediately taken up with the company which said that the certificates were not supplied by oversight and that they would be supplied soon.”

DR. A. SREENIVASAN :—“How can the Government order payment to an article when it is not accompanied by the purity certificate?”

THE HON. SRI A. B. SHETTY :—“The payment was made by the Superintendent, Sir.”

DR. A. SREENIVASAN :—“The Superintendent was a person to whom radium was practically unknown. The then Superintendent of the Barnard Institute of Radiology should have advised the Superintendent of the Government General Hospital that everything was all right and therefore payment could be made.”

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MR. CHAIRMAN :—“ This is what the hon. Member Sri Mohamed Raza Khan referred to when he said that this question related to something that happened some eight years before. It is not proper to ask so many supplementary questions. I am allowing only this last supplementary question.”

THE HON. SRI A. B. SHETTY :—“ Sir, with your permission I may inform the hon. Member that the Government issued a Press Note when the late Dr. T. S. S. Rajan was the Minister for Health. This is what was said in the Press Note :

‘ The Government have gone very carefully into the case relating to the supply of defective radium needles to the Barnard Institute of Radiology, Government General Hospital, Madras, by an American firm, as it has given rise to a number of insinuations in certain sections of the Press. They find that there was no question of any part of the transaction having been improper or having been sought to be hushed up by the officers concerned but that the supplies made were not according to the specifications and that every effort is being made to get the needles rectified. The American firm which supplied the needles has agreed to rectify the defective needles and after the first lot has been rectified and tested, the other needles will be sent for rectification.’

The matter has been taken up by the Indian Embassy at Washington and they will be asking the company to convert the defective radium needles into heavy radium tubes for the treatment of cancer of the cervix.”

SRI MOHAMED RAZA KHAN :—“ I rise on a point of order, Sir. It is not as if I am against an answer being given to this question. This question refers to something happened in 1947. Besides similar questions were put in the last Assembly and Council. Further, this question was the subject matter of a big debate in the last Assembly. Therefore I should like to know from you, Sir, whether questions which have already been answered and questions on which there was a debate in the Assembly, can now be asked after a lapse of about ten years. If questions like that can be put, we also will have the chance of putting questions relating to events of 1943 or 1944. I just want your ruling in the matter.”

MR. CHAIRMAN :—“ This point was taken into consideration and this question was allowed. The Hon. Minister has also answered the question.”

SRI MOHAMED RAZA KHAN :—“ Is it your ruling, Sir, that any question relating to an incident which happened some seven or eight years can be put if the Minister concerned would answer it? ”

MR. CHAIRMAN :—“ I am not giving a ruling. I am only just saying what happened to this particular question. Every question is examined properly and then either allowed or disallowed. This question was allowed.”

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Scheme for protected water-supply to the Cuddalore Municipality.

* 245 Q.—SRI M. ETHIRAJULU: Will the Hon. the Minister for Health be pleased to state—

(a) whether the Government have any scheme under consideration for protected water-supply to the Cuddalore Municipality; and

(b) if so, at what stage the matter stands at present?

THE HON. SRI A. B. SHETTY :—“(a) The Government have already sanctioned the execution of comprehensive improvements to the water-supply scheme for Cuddalore Municipality.

“(b) The first stage of the water-supply scheme is under execution.”

SRI M. ETHIRAJULU :—“May I know the total cost of this scheme?”

THE HON. SRI A. B. SHETTY :—“The scheme is to be executed in three stages. Detailed plans and estimates for the first stage of the scheme to the extent of Rs. 7.78 lakhs have been technically sanctioned by the Chief Engineer and the work is now under execution. Detailed plans and estimates for the second stage are under preparation.”

SRI M. ETHIRAJULU :—“May I know when it will be implemented?” 3-10 p.m.

THE HON. SRI A. B. SHETTY :—“I have already said that the first stage of the scheme is under execution.”

SRI M. ETHIRAJULU :—“May I know whether any other water-supply scheme has been included in the Second Five-Year Plan for the South Arcot district?”

THE HON. SRI A. B. SHETTY :—“This is the scheme about which I have already given particulars. The scheme is to be executed in three stages and is expected to cost about Rs. 26.34 lakhs.”

Statues on the public roads in the City of Madras.

* 246 Q.—SRI T. PURUSHOTHAM: Will the Hon. the Minister for Finance and Education be pleased—

(a) to lay on the table of the House a list of statues on the public roads in the City of Madras; and

(b) to state the steps taken by the Government to remove the statues of foreigners from their present location?

THE HON. SRI C. SUBRAMANIAM :—“(a) A statement^a furnishing the information is placed on the table of the House.

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“(b) There is no proposal now to remove any statue from its present location.”

SRI G. KRISHNAMOORTHY :—“ Sir, will the Government kindly consider the question of placing a tablet near each statue the tablet to contain a historical account of the person whom the statue represents? ”

THE HON. SRI C. SUBRAMANIAM :—“ They are well-known figures and I do not think any tablet is necessary.”

SRI T. PURUSHOTHAM :—“ May I know whether there has been any correspondence on this subject with the Central Government for decision as a matter of All-India policy? ”

THE HON. SRI C. SUBRAMANIAM :—“ Yes, Sir. There has been some correspondence between the Government of India and this Government. They wanted to have our opinion in this matter. They wanted to treat this matter as an All-India policy instead of allowing each State to adopt its own policy.”

SRI V. V. RAMASWAMI :—“ இந்த சிலைகளை எல்லாம் பாதுகாக்கும் பொறுப்புள்ள ஸ்தாபனம் எது? மில்லர் சிலை இருக்கும் இடம் மிகவும் ஆபாசமாகவும், அசுத்தமாகவும் இருப்பது சர்க்காருக்குத் தெரியுமா? ”

THE HON. SRI C. SUBRAMANIAM :—“ If it is put on a public road, it is the Government's duty to keep it in proper condition. As for the allegation of the hon. Member that the Miller's statue is not properly kept, I shall look into it, Sir.”

DR. V. K. JOHN :—“ Will the Government consider the question of erecting status for our Ministers at Government expense? ” (Laughter.)

Adoption of Government scales of pay for the teachers by certain municipal councils.

* 247 Q.—SRI V. V. RAMASWAMI: Will the Hon. the Minister for Finance and Education be pleased to state—

(a) whether it is a fact that Government have permitted certain Municipal Councils to adopt Government scales of pay for the teachers employed by them in elementary schools;

(b) whether it is a fact that the above concession is not being extended now to such of the municipal councils which are willing to adopt Government scales of pay for teachers employed by them in elementary schools without extra aid from the Government; and

(c) if so, why?

THE HON. SRI C. SUBRAMANIAM :—“ (a) & (b) Yes, Sir.

“(c) The last revision of the scales of pay of teachers in elementary schools under local bodies was made recently and also many municipalities may not be in a position to meet the additional expenditure involved.”

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SRI G. KRISHNAMOORTHY :—“ Sir, in view of the bold step taken by the Government to relieve the poor teachers of their distress, will the Government kindly instruct all municipalities to give top priority to this item in their budget? ”

THE HON. SRI C. SUBRAMANIAM :—“ I have already stated that the finances of the municipalities do not warrant any increase in the salaries of teachers at the present moment. The hon. Member may trust the Government to take necessary action at the appropriate time.”

Improvement of Mahabalipuram as a holiday resort.

* 248 Q.—SRI T. PURUSHOTHAM: Will the Hon. the Minister for Public Works be pleased to state—

(a) what steps have been taken by the Government to improve Mahabalipuram in Chingleput district as a holiday resort; and

(b) at what stage the construction of a rest-house in the place for the use of the visitors is?

THE HON. RAJA SRI SHANMUGA RAJESWARA SETHUPATHI :—“ (a) The Government have taken up the improvement of the direct route from Madras to Mahabalipuram, via Tiruporur at an estimated cost of Rs. 3.24 lakhs with a contribution from the Government of India and the work is nearing completion.

“ (b) This work, which is now estimated to cost Rs. 1.90 lakhs, will be started shortly, after informing the Government of India of the cost, as that Government is expected to bear a portion of the cost.”

SRI T. PURUSHOTHAM :—“ Have plans and estimates for the construction of the rest house been approved and if so, are tenders being called for? ”

THE HON. RAJA SRI SHANMUGA RAJESWARA SETHUPATHI :—“ Sir, plans and estimates are being prepared more or less in an agreed form. When we get the Government of India's approval, tenders will be called.”

SRI T. PURUSHOTHAM :—“ May I know whether there is any proposal to constitute Mahabalipuram as a township and has there been a suggestion by the Archæological Department to that effect? ”

THE HON. RAJA SRI SHANMUGA RAJESWARA SETHUPATHI :—“ Not that I know of, Sir.”

SRI T. PURUSHOTHAM :—“ Will the Government consider the question of extending electricity to Mahabalipuram in view of the fact that it is being developed as a tourist centre and as a holiday resort? ”

THE HON. RAJA SRI SHANMUGA RAJESWARA SETHUPATHI :—“ A separate question may be put, Sir.”

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SRI A. GAJAPATHY NAYAGAR :—“ மஹாபலிபுரம் என்றிருக்கும் பெயரை மாற்றி மாமல்லபுரம் என்ற பெயரை அரசாங்கத்தார் ஏற்படுத்துவார்களா? ”

THE HON. SRI C. SUBRAMANIAM :—“ This question has already been answered, Sir.”

THE HON. RAJA SRI SHANMUGA RAJESWARA SETHUPATHI :—“ Sir, the other day my Colleague the Minister for Finance answered a similar question put by the same hon. Member.”

SRI A. GAJAPATHY NAYAGAR :—“ கனம் நிதி மந்திரி அவர்கள் சொன்னார்கள். ஆனால் பெயரை மாற்றுவார்களா? ”

THE HON. RAJA SRI SHANMUGA RAJESWARA SETHUPATHI :—“ Sir, I remember to have listened to a reply given by my Colleague the Finance Minister the other day. I suppose the hon. Member was satisfied with that answer.”

SRI A. GAJAPATHY NAYAGAR :—“ நான் கேட்பதெல்லாம் பெயரை மாற்றுவார்களா இல்லையா என்பதாகும்.”

SRI A. SUBRAMANYAM :—“ மஹாபலிபுரம், மாமல்லபுரம் ஆகிய இரண்டும் தப்பு. மாவல்லபுரம் என்பதே சரியானதாகும். மாவல்லபுரம் என்பது எல்லா வகைகளிலும் பெயர் பெற்ற ஒரு நல்ல பெயர். ஆகவே மாவல்லபுரம் என்ற பெயரை அரசாங்கத்தார் வைப்பார்களா என்று கேட்கின்றேன்.”

THE HON. RAJA SRI SHANMUGA RAJESWARA SETHUPATHI :—“ Sir, my humble suggestion is that we need not waste time over these trifles.”

SRI M. P. GOVINDA MENON :—“ മഹാബലിപുരം എന്നത് കേരള ചക്രവർത്തിയായിരുന്ന മഹാബലിയുടെ പേരിന്റെ ഓർമ്മക്കൊക്കെ ആ പേര് മാറ്റിക്കൊണ്ട് ബഹുമാനപ്പെട്ട മന്ത്രി തീർച്ചപ്പെടുത്തുമോ? ” (Laughter.)

Kundah Hydro-Electric Scheme.

* 249 Q.—**SRI T. PURUSHOTHAM :** Will the Hon. the Minister for Public Works be pleased to lay on the table of the House a statement showing the progress made with regard to the implementation of the Kundah Hydro-Electric Scheme and to state—

(a) whether plans and estimates are ready; and

(b) whether the above projects has been included in the First or Second Five-Year Plan?

THE HON. RAJA SRI SHANMUGA RAJESWARA SETHUPATHI :—“ The plans and estimates relating to the Kundah Hydro-Electric Scheme are ready and have been submitted to the Planning Commission, whose approval for inclusion of the Scheme in the First Five-Year Plan is awaited. The

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execution of the scheme will be taken on hand as soon as the Commission's approval therefor has been received. In the circumstances, the question of laying a statement on the table of the House regarding the progress made on the implementation of the scheme does not arise."

SRI T. PURUSHOTHAM :—" Will the State Government address the Central Government and press for the inclusion of this scheme in the Second Five-Year Plan? "

THE HON. RAJA SRI SHANMUGA RAJESWARA SETHUPATHI :—" Sir, we have been pressing for the inclusion of this scheme even in the First Five-Year Plan. Failing that, it will find a place in the Second Five-Year Plan. It all depends on their decision."

Supply of Electricity to the Avadi Session of the Indian National Congress.

* 250 Q.—SRI V. GURUNANDAN ROW : Will the Hon. the Minister for Public Works be pleased to state—

(a) the number of Government officers and workmen specially deputed for work connected with the supply of electricity to the Avadi Session of the Indian National Congress; and

(b) whether any of them worked for more than the normal hours and if so, whether they were paid any overtime allowance?

THE HON. RAJA SRI SHANMUGA RAJESWARA SETHUPATHI :—" (a) Nine officers and 21 workmen, Sir.

" (b) Only some of them worked for more than the normal hours on a few days. Overtime allowance will be paid to daily paid workmen only. Others are not entitled to such allowance."

SRI V. GURUNANDAN ROW :—" Was such overtime or part-time allowance paid by the Indian National Congress? "

THE HON. RAJA SRI SHANMUGA RAJESWARA SETHUPATHI :—" It will be collected from the Reception Committee, Sir."

Vacancy in the post of Assistant Transport Commissioner.

* 251 Q.—SRIMATHI JOTHI VENKATACHELLUM : Will the Hon. the Minister for Religious Endowments and Transport be pleased to state—

(a) whether the post of Assistant Transport Commissioner in the Madras Government Transport is vacant;

(b) if so, the reason therefor; and

(c) for how long it has been kept vacant?

THE HON. SRI B. PARAMESWARAN :—" (a) The answer is in the negative.

" (b) & (c) Do not arise.

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Appointment of a Revision Officer in the Cuddalore Municipality.

* 252 Q.—SRI M. ETHIRAJULU : Will the Hon. the Minister for Local Administration be pleased to state—

(a) whether it is a fact that a Revision Officer was appointed in the Cuddalore Municipality for revision of property taxes;

(b) if so, the number of cases in which the property taxes were reduced and the number of cases in which the property taxes were raised;

(c) the total increase of revenue anticipated by the revision; and

(d) the expenditure incurred in connexion with the appointment of Revision Officer and his staff?

THE HON. SRI S. S. RAMASWAMI PADAYATCHI :—“(a) Yes, Sir.

“(b) Property tax assessments were raised in 13,787 cases and reduced in 19 cases.

“(c) The increase of revenue as a result of enhancement of assessments by the Revision Officer was Rs. 1,93,120. This has been reduced by Rs. 91,540 in the disposal of revision petitions against the enhanced assessment. Further appeals are pending before the Council. Final figures of the increase in revenue will be known only after the Council disposes of all appeals before it.

“(d) Rs. 3,495.”

SRI M. ETHIRAJULU :—“சர்க்கார் உத்திரவினால்தான் வரி உயர்த்தி ரூப்பதாக அங்குள்ள பொது ஜனங்கள் கருதுகிறார்கள். அப்படி சர்க்கார் ஏதாவது வரி உயர்வதற்கு உத்திரவு போட்டிருக்கிறார்களா?”

THE HON. SRI S. S. RAMASWAMI PADAYATCHI :—“வரி உயர்வதற்கு சர்க்கார் உத்திரவு எதுவும் அனுப்பவில்லை. ஐந்து வருஷத்திற்கு முன்பு இந்த நகரசபை வரி விதிப்பை மீண்டும் பரிசீலனை செய்து ஒரு ஆபீசர் வேண்டுமென்று கேட்டார்களே தவிர வரி உயர்வதற்கு என்று புதிதாக ஒன்றும் உத்திரவு போடவில்லை.”

SRI M. ETHIRAJULU :—“அதிகப்படி உயர்த்திய வரியைக் குறைக்க முப்பது நாளைக்குள் அப்பீல் செய்யவேண்டுமென்று முனிசிபல் சபட்டில் விதியிருக்கிறது. ஆனால் அப்படி முப்பது நாளைக்குள் மனு, செய்யாதவர்கள் பலபேர்கள் இருப்பதை சர்க்கார் அறிந்து அதற்குப் பிறகும் மீண்டும் ஒரு கால வரை ஏற்படுத்தி அப்பீல் கவனிக்க வேண்டுமென்று உத்திரவு பிறப்பித்திருப்பதாகக் கேள்விப்பட்டேன். அம்மாதிரி ஒரு காலவரை ஏற்படுத்தி, பரிசீலனை செய்து குறைக்கப்பட்ட வரியையே இப்போது வசூலிக்காமல், முன்பு அதிகமாக உயர்த்திய வரியை வசூல் செய்து வருகிறார்கள். ஆகவே அவர்கள் அப்படி உயர்த்திய வரியை வசூல் செய்யவேண்டாமென்று அரசாங்கம் ஏதாவது தடை உத்திரவு போடுமா?”

THE HON. SRI S. S. RAMASWAMI PADAYATCHI :—“குறிப்பாக என்ன செய்யவேண்டுமென்று கனம் அங்கத்தினர் அவர்கள் கூறினால், கவனிக்கப்படும்.”

SRI G. KRISHNAMOORTHY :—“Sir, many of the municipalities are enhancing the property tax up to the maximum prescribed in the rules, viz., 27 per cent of the annual rental

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value. Will the Government kindly issue instructions to all municipalities to see that they do not enhance the tax at each quinquennial revision if they are not able to provide additional amenities to the people? "

THE HON. SRI S. S. RAMASWAMI PADAYATCHI :—" Sir, property assessments are made according to the rules prescribed for the purpose."

[Note.—An asterisk (*) at the commencement of a speech indicates revision by the Member.]

II.—DELAY IN PLACING PAPER ON THE TABLE OF THE HOUSE.

* SRI T. PURUSHOTHAM :—" Mr. Chairman, Sir, with your leave, I beg to call the attention of the Hon. the Minister for Transport to a matter of urgent public importance, viz., the intolerable situation that has arisen in the working of the Central Road Traffic Board. Sir, it is greatly to be regretted that an amendment which was issued in G.O. No. 4263, Home, dated the 7th November 1951, was placed on the table of the House on 17th March 1955 with reference to sub-section (3) of section 133 of the Madras Motor Vehicles Act (Central Act IV of 1939). This section requires that all rules framed under the Act should be placed before both Houses of Legislature as soon as possible after they are made. I am afraid it is a breach of privilege of this House that the Government Order is placed on the table of this House after a lapse of nearly four years. I do not know whether the Government Order has been placed on the table of the other House. The amendment provides that if within fifteen minutes after the time scheduled for the commencement of a meeting of the Central Road Traffic Board, no member turns up, the Chairman may proceed to conduct the meeting without the prescribed quorum. I may point out that quite a lot of dissatisfaction is being felt by the Chairmen of the several transport authorities as also by the concerned operators at the way in which the Central Road Traffic Board is proceeding with its meeting without a quorum. Invariably at least in a majority of cases, when the other members do not attend the meeting—this is so because there are no non-official members and all members are officials—the Chairman is functioning as a one-man Board. That is not fair. I wish to point out that the delay in placing the Government Order on the table of the House has resulted this sort of thing to go on unchecked. I, therefore, call the attention of the Government to this matter for the immediate redress of this intolerable situation in the working of the Central Road Traffic Board."

THE HON. SRI B. PARAMESWARAN :—" I am sorry that the hon. Member strayed away from the subject proper. Strictly speaking, he should have stopped with the reference to the delay in placing the Government Order on the table of the House. I do not know why he took the trouble of bringing to the notice of the Government that the Chairman of the Central Road Traffic

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Board alone functions. However, Sir, it is not so. The Chairman proceeds with the meeting only after waiting for fifteen minutes for the arrival of other members. Only if they do not attend, he is empowered to carry on singly. I do not also want to go into that matter here. The matter is not one of urgent public importance as interpreted by the hon. Member under **rule 41** of the Council Rules. Then, Sir, the matter is *sub judice* and I think there will be no more reference to it or a detailed statement on it."

III.—GOVERNMENT BILLS.

(1) THE MADRAS PLANTATIONS AGRICULTURAL INCOME-TAX BILL, 1954 (L.A. BILL NO. 30 OF 1954)—*cont.*

Clause 43.

MR. CHAIRMAN :—" Motion moved—

'That clause 43 do stand part of the Bill.' "

DR. V. K. JOHN :—" Sir, I want that a new clause should be added after clause 43. I move—

'Add the following as clause 43-A :—

" 43-A. Where any dividend has been paid to a shareholder of a company which is assessed to income-tax under this Act, such person shall be deemed in respect of such dividend to have paid income-tax at the rate applicable to the total income of the company in the financial year in which the dividend has been paid and shall be entitled to a refund of the tax paid in accordance with the principles followed in the Indian Income-tax Act."

This is a very important provision which ought to have been incorporated in the Bill. In section 48 of the Indian Income-tax Act, you will find a similar provision. That is :

'If any individual, Hindu undivided family, company, local authority, firm or other association of persons, or any partner of a firm or member of an association individually satisfies the Income-tax Officer or other authority appointed by the Central Government in this behalf that the amount of tax paid by him or on his behalf or treated as paid on his behalf for any year exceeds the amount with which he is properly chargeable under this Act for that year, he shall be entitled to a refund of any such excess.'

Section 49-B provides that payment of income-tax by the company should be deemed as payment of tax by the share-holders. Now, Sir, the idea is that a share-holder who has not got any income which is assessable to tax should be enabled to get the tax paid by the company on his behalf back. The principle is simple. If four persons put their capital together and start a business, the income-tax authorities cannot collect the income-tax on the total income derived therefrom but can collect the tax only on the shares taken by the partners. So also, if a large number of persons join and put their money in a company incorporated under the Indian Companies Act or under any other Act, the

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income-tax paid by the company will be considered to have been paid on behalf of the shareholders and the shareholder is entitled to a refund if he has not got an assessable income. Now, Sir, you will find in Part I of the Schedule a provision to the effect that no agricultural income-tax shall be payable on a total agricultural income, which is less than three thousand rupees. It is a good provision. The idea is no man need pay income-tax unless his income is Rs. 3,000 or more. The same principle is applicable to a person whose total income is less than 3,000 rupees but on whose behalf the company, of which he is a shareholder, has already paid income-tax with reference to the dividend paid to him. The Indian Income-tax Act says such persons will get a refund of the tax. This principle is introduced in the Act for the purpose of saving people who have no taxable income from the burden of taxation and making persons who can pay bear it. If a widow gets as dividend Rs. 500 after a sum of about 300 rupees has been paid as income-tax on it, she is entitled to ask for a refund of that 300 rupees in view of the fact that she has not got an income which is assessable to tax. But in the case of a man who gets an income of a lakh of rupees, it should be different. Suppose he gets also a dividend of 500 rupees, he must be made to pay a super-tax on this 500 rupees so that the burden may be heavier on him. This is the principle followed in the Indian Income-tax Act and it is followed in the Travancore-Cochin Act also whose provisions are copied in this Bill word for word. The idea is to tax every person whether his income is taxable otherwise or not, whether his income is Rs. 3,000 or not. If a man gets Rs. 10 as dividend for his being a shareholder, then he has to pay the tax under this Act. This, I say, is oppressive. It is unknown to the principle of income-tax levy in any part of the world and even in our own country. Several other States have imposed a tax on agricultural income. But they have adopted the principle of the Indian Income-tax Act. But in this Bill that principle of the Indian Income-tax Act is not followed. Under this Bill every person, who is a share-holder will be bound to pay income-tax although his income is not assessable otherwise. Such sort of provision is not to be found either in section 48 of the Indian Income-tax Act or the corresponding section in the Travancore-Cochin Agricultural Income-tax Act. When you have copied the Travancore Agricultural Income-tax Act, you have inadvertently copied the section in that Act which relates to dividends. The underlying principle of the Indian Income-tax Act in section 48 has been omitted. Section 49 (b) of the Indian Income-tax Act states—

‘Where any dividend has been paid, credited or distributed or is deemed to have been paid, credited or distributed to any of the persons specified in section 3 who is a shareholder of a company which is assessed to income-tax in British India or elsewhere, such person shall be deemed in respect of such dividend himself to have paid income-tax (exclusive of super-tax) at the rate applicable to the total income of a company for the financial year in which the dividend has been paid, credited or distributed or is deemed to have been paid, credited or distributed on so much of the dividend as bears to the whole the same proportion as the amount of income on which the company is liable to pay income-tax bears to the whole income of the company.’

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Even the marginal note to this section 49-B to the Indian Income-tax says: 'Payment of income-tax by company to be deemed payment by the shareholder'. But this you have omitted under this Bill, I think you have deliberately omitted this. Even in the Travancore Agricultural Income-tax Act, there is such a provision. That also you have omitted. You have simply said under clause 44 of this Bill, viz. :

'If any person satisfies the Agricultural Income-tax Officer that the amount of agricultural income-tax paid by him or on his behalf or treated as paid on his behalf for any year exceeds the amount with which such person is properly chargeable under this Act for that year, he shall be entitled to a refund of such excess.'

But you have deliberately omitted section 49-B of the Indian Income-tax Act, which I have read out and which is incorporated in the Travancore Agricultural Income-tax Bill, also. That is why I say the result of this measure of taxation will be to charge the poor people, the poor shareholders. It will be oppressive as far as the poor shareholders are concerned, when you say they will have no right for refund when the company pays income-tax. You ought to know that under the Indian Income-tax it is a recognised principle that the payment of income-tax by a company should be deemed payment by a shareholder. Section 49-B of the Indian Income-tax Act specifically says this. That you have omitted. May be the omission is deliberate or otherwise. But in the actual working it will be oppressive to the poor shareholder. He ought to be saved from the burden of taxation. The burden of taxation should fall on the richer man. This principle is accepted under the Indian Income-tax Act. Even in the Travancore Act, this principle is accepted. But in this Bill, that has not been accepted. I hope the Hon. Revenue Minister, will kindly go into this question. I do not wish to use harsh words. Let him consider what I have said carefully after this Bill is passed and becomes law. Let him bring in a suitable amendment as early as convenient so that the poor people who are assessed to income-tax through a company will have the right of refund."

SRI K. BALASUBRAMANYA AYYAR :—"I second Dr. John's amendment and would like to support what he has said. The clause as it stands reads—

'If any person satisfies the Agricultural Income-tax Officer that the amount of agricultural income-tax paid by him or on his behalf or treated as paid on his behalf for any year exceeds the amount with which such person is properly chargeable under this Act for the year, he shall be entitled to a refund of any such excess.'

The Deputy Leader of the Opposition wants that where any dividend has been paid to a shareholder of a company assessed to income-tax, such person shall be deemed to have paid income-tax at the rate applicable to the total income of the company in the year in which the dividend has been paid and shall be entitled to a refund of the tax paid in accordance with the principle of the Indian Income-tax. What the Deputy Leader of the Opposition says is a

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recognized principle under the Indian Income-tax Act. I wish the Government make the position clear and incorporate what the Deputy Leader of the Opposition wants, when they make the rules :—

* THE HON. SRI M. A. MANICKAVELU :—“ I submit the principle on which this is based is on the basis of the tax on the company and not on the individual. The company is taxed as such. The shareholders are not taxed. No doubt originally there was an idea of pursuing the dividends declared to individuals and tax that also. But we are prevented from taxing the dividends paid to the shareholder. This Bill applies to the company as such. This does not apply to the dividend got by the shareholders. Having left the dividend out of the purview of taxation, there is no case arising for any refund. As regards clause 44, that there should be another provision for refund, I think I will have to add it to the list of items which I had said, I would consider while we make the rules.”

* THE HON. SRI C. SUBRAMANIAM :—“ There is one difficulty in accepting Mr. John's amendment. As far as the State Legislature is concerned, our jurisdiction is limited. We can only tax the agricultural income. We cannot go farther than that. When a dividend is paid to the shareholder, to decide whether it is an agricultural income or not, is a question which has got to be decided. It was referred to the Government of India for their opinion on the matter and they have advised us that it cannot be treated as agricultural income. Therefore, we will not have jurisdiction to tax it. If Mr. John's amendment is accepted, then as dividends cannot be assessed to Income-tax Act, any amount collected from the company as tax will have to be refunded. I do not think we could therefore accept his amendment.

“ As far as Travancore Agricultural Income-tax is concerned, that Act came into existence when it was not part of the Indian Union. They were not bound by the Constitution Act. But we stand on a different footing altogether. That is why we had to change the entire structure of the Act after taking into consideration that we cannot pursue the dividend in the case of shareholders for the purpose of taxation. That is why we took the company as a unit and took the agricultural income of the company as a unit for the purpose of taxation. That is the basis of this legislation. Otherwise we could have pursued the dividend and increased the rate of taxation. Because we could not pursue the dividend, we have stuck to this formula of taking the company as a unit and taxing it and collect the tax from the company as a unit and not from the shareholders. The Indian Income-tax Act is based upon the fact that they can pursue the income to any point. They have absolute jurisdiction which we cannot have, so far as our legislature is concerned. That is why we have to be content with this. Clause 44 provides for the refund of excess amount collected from

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an assessee or his agent. The clause has got to be there. Under these circumstances and in view of the constitutional difficulty, I hope Dr. John will not press his amendment."

3-40 P.m. * DR. V. K. JOHN :—" I am much obliged to the explanations given by the two hon. Ministers. But I am still wanting to put the question whether it will not be oppressive to assess a poor shareholder who does not get an assessable income as dividend from the company. Now, we are not taxing the dividend. Suppose a company pays income-tax, that tax is paid from income, part of which should go as dividend, so that a person who would have got an income of Rs. 1,000, which is not assessable, if he has no other income, Government are taking away Rs. 300 or Rs. 400 by way of income-tax. So, in effect you are charging a person who has not got an assessable income to income-tax for the sin of having joined the company. A number of persons put in their money together. The principle is that you may all put your money together into a partnership or into a limited company. But we look into the income of the company when we are making the assessment. That is the principle on which a refund is made. I would like the Government in spite of the explanation given by the Hon. the Finance Minister, to go into the question as to what would be the practical effect or result of making these assessments on a company and the poor shareholder who has not got an assessable income."

* THE HON. SRI C. SUBRAMANIAM :—" For certain purposes Corporation is a separate legal entity. For certain purposes shareholders are recognized within the Corporation. We are assessing the income-tax on the income derived by the company as such. I do not think that any injustice is involved in this. After all Corporation tax is collected irrespective of the fact whether the shareholder gets any dividend or not. This Corporation tax is also now proposed to be increased from four annas to five annas. That is being collected because they have got jurisdiction, whether a shareholder gets any dividend or not. When we can justify that, I do not think how we cannot justify the collection of a tax like this by the State Government as such."

MR. CHAIRMAN :—" The question is—

'Add the following as clause 43-A :—

" 43-A. Where any dividend has been paid to a shareholder of a company, which is assessed to income-tax under this Act, such person shall be deemed in respect of such dividend to have paid the income-tax at the rate applicable to the total income of the company in the financial year in which the dividend has been paid and shall be entitled to a refund of the tax paid in accordance with the principles followed in the Indian Income-tax Act." "

The amendment was lost.

Clauses 43 to 65 were put and carried.

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THE SCHEDULE.

Part I.

* DR. V. K. JOHN :—“ Mr. Chairman, Sir, I move the amendment standing in my name, namely :—

‘ In item (2), for the words “ Nine pies ” substitute the words “ three pies ”.

‘ In item (3), for the words “ One anna and six pies ” substitute the words “ six pies ”.

‘ In item (4), for the words “ Two annas and six pies ” substitute the words “ ten pies ”.

‘ In item (5), for the words “ Three annas and six pies ” substitute the words “ one anna and two pies ”.

‘ In item (6), for the words “ Four annas ” substitute the words “ two annas ”.

‘ In item (7), for the words “ Five annas and six pies ” substitute the words “ four annas ”.

“ Sir, I want to reduce the rates given in the schedule. The rate given is nine pies in the rupee for Rs. 3,500 and I want to reduce it to three pies. I want to reduce the rate of one anna and six pies in the rupee for the next Rs. 5,000 to six pies. On the next Rs. 5,000 I want to reduce it from two annas and six pies to ten pies, on the next Rs. 5,000 from three annas and six pies to one anna and two pies, on the next Rs. 5,000 from four annas to two annas, and lastly, on the balance from five annas and six pies to four annas. My reason is this. The rate which I have suggested is almost the rate given in the Indian Income-tax Act. First of all people must get accustomed to pay income-tax. It took many many years before the present rate in the Indian Income-tax Act has been fixed. It was very low in the beginning and slowly people got accustomed to it, adjusted to it and they began to pay very high tax.

“ The more important reason for the reduction of rate is that all the deductions or allowances which are given under the Indian Income-tax Act are not provided for in this Bill. When any person, whether he is an individual, a partnership or a company, receives an income, that income has to be appropriated towards various accounts. One is dividend. The other is tax. The third may be reserve fund. A portion may be spent for capital expenditure which is compulsory or otherwise. Number of items are there. Two parties have to share the income. One is a shareholder or the proprietor and the other is the Government. When the Government take away Re. 0-5-6 by way of tax, they take away twice that amount because they have not provided for all deductions. In the nature of this industry, you have to provide for renovations and for expansion. Trees have to be replanted and other areas have to be brought under cultivation. Labour has to be provided for. A number of items of expenditure has to be met. The effect of this taxation measure

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will be that, when the income is ascertained after allotting for expenditure on various accounts, you will find there is only enough money to pay tax to the Government. A shareholder will not get anything and the result will be that people will not invest money into this plantation business. The business in the long run will suffer and the Government also will suffer. Government must be able to give a fair share of the income to the proprietor or shareholder of the estate. By this taxation measure, the shareholder will not be able to get anything from the income of the company. The company will have to provide for various expenditure on account of the peculiar character of the plantation industry because there may be bad seasons and continuous bad seasons. They must have a reserve fund. They must go on putting money for renovation. The company is also saddled with many other items of expenditure. One such item is excise duty levied by the Government of India, i.e., four annas a pound. That also has to be paid by the shareholder or the proprietor. That will go ultimately as a burden on his income. So, if the Government take away income-tax at this rate and give practically nothing to the shareholder or proprietor, that is not good in the interest of people who invest money in the estate. That is not in the interest of the estate, and ultimately not in the interest of the Government. I, therefore, suggest, Sir, that the rate should be reduced.

“I am very pleased that the Government gave up supertax, although it was provided in the original Bill. Government have been kind to do it. Although technically supertax is not there, the rate of tax in fact is very much higher than that a shareholder or proprietor of an estate ought to bear. The tax should not be as much as it is proposed. The industry will suffer. I, therefore, move my amendment that the rates in the schedule should be lowered.”

SRI K. BALASUBRAMANYA AYYAR :—“I second the amendment, Sir.”

* THE HON. SRI M. A. MANICKAVELU :—“Sir, the hon. Member wants reduction of the rates mentioned in the schedule. For his information, I may tell him that in the Assembly there were amendments to the effect that the rates should be increased more or less in the same ratio as he has given here for reducing the rates. In the Assembly, they wanted to increase the rates by four times. Therefore, Sir, the Government examined the question very carefully and they have decided that they should adopt reasonable rates. The reasonable rates are mentioned in the schedule. I oppose the amendment, Sir.”

* DR. V. K. JOHN :—“If the rates are increased in the case of persons who can afford to pay, it would be a different matter. The rates mentioned in the schedule will be applicable to poor and middle-class people also. If the supertax has been given up, it has only helped people with large income. The Government have not at all reduced the rates on poor people.”

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MR. CHAIRMAN :—" The question is—

' In item (2), for the words " Nine pies " *substitute* the words " three pies ".

' In item (3), for the words " One anna and six pies " *substitute* the words " six pies ".

' In item (4), for the words " Two annas and six pies " *substitute* the words " ten pies ".

' In item (5), for the words " Three annas and six pies " *substitute* the words " one anna and two pies ".

' In item (6), for the words " Four annas " *substitute* the words " two annas ".

' In item (7), for the words " Five annas and six pies " *substitute* the words " four annas ".

The amendment was lost.

Part I of the Schedule was put and carried.

Part II of the Schedule was put and carried.

Clause 1 was put and carried.

The Preamble was put and carried.

* THE HON. SRI M. A. MANICKAVELU :—" Sir, I move—

' That the Madras Plantations Agricultural Income-tax Bill, 1954 (L.A. Bill No. 30 of 1954), as passed by the Assembly; be passed.'

Sir, I am very thankful to hon. Members for the various suggestions 3-50
that they have made and especially to the lawyer Members of this P.m.
House who have contributed so much in regard to the discussion
of this Bill. I wish to state that this is the first time that we are
bringing in a Bill to tax agricultural income, though it may be
a particular sector of the agricultural income. We shall see how
this measure works. All the suggestions put forward by hon.
Members will be examined in the course of the working of this
measure, and if any amendments are found necessary, the Govern-
ment will not hesitate to launch upon the necessary amending legis-
lation. With this assurance, Sir, I request hon. Members to
pass this Bill."

* DR. V. K. JOHN :—" Sir, I must congratulate the Hon.
Minister on the very correct attitude he has taken throughout the
discussion of this Bill. He was never obstinate and he was always
willing to learn and appreciate the opposite point of view. I must
say that he has shown great humility in trying to understand that
there is something useful in the suggestions made by the opposition.
I know him for long and I say he is quite sincere and he is not
obstinate. I hope he or some one else will go into all the sugges-
tions made in the other House and also in this House not only

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by Members of the Opposition but also by the Members of the party in power, more particularly Sri K. Bhashyam. I want the Hon. Minister not to forget that this industry is a very important industry and a dollar earning industry too. Therefore we should develop this industry. We have got very extensive acres of land which can be brought under cultivation. Every encouragement must be given to extend cultivation and also to bring into existence new plantations and to renovate the existing ones which are one hundred years old. We must also remember that this is an industry which engages a very large number of workers and pays them well. There are statutes that these workers must be looked after properly and paid properly. The industry engages about four lakhs of workers. Therefore it must be the concern of every hon. Member of this House and also it must be the concern of the public to see that this industry does not suffer, that investment is attracted to it, that cultivation is improved and extended and also that produce is increased and the industry prospers. I quite agree that taxation should be made on the basis of the income. That is the correct procedure to adopt. Probably we could have reduced the rates on plantations if we had imposed a tax on other agricultural produce as other States have done. But the principle that income ought to be taxed and that no indirect tax should be imposed ought to be accepted. I am glad indeed that this Bill has been brought forward, and if some provisions of this Bill could have been amended, it would have been an ideal piece of legislation. Here the Government are having a tax on agricultural income and also realizing land revenue. The Government have given up only the levy of additional land revenue due for last year. They have not given up all land revenue. At least if they had deducted the land revenue payable from the income-tax payable, it would have been a rational piece of legislation. I have asked the Government to go into this matter very carefully. The Government should not think that they have seen the end of this legislation after just passing the Bill into law. Every taxation measure must pass the test whether it enhances the purchasing power of the people or whether it is a burden on the poor people. Also they must consider whether a taxation measure will solve the problem of unemployment and whether in the long run the industry will be encouraged to produce more and to employ more people. I ask the Government to reconsider this taxation measure in the light of the criticisms made. There is no difference between the Government and the Opposition in this matter. We are all for the good Government of the country. We hope the Government will certainly change their views and later on bring in amendments that are required. I once again thank the Hon. Minister for the very helpful attitude that he has shown throughout the discussion of this Bill."

* SRI M. P. GOVINDA MENON :—" Sir, I am very happy to associate myself with the passing of this very important measure. I heartily congratulate our State Government and the Hon. Minister Sri M. A. Manickavelu Naicker, who has brought forward this

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measure. Other State Governments have brought forward this measure already. I am one of those who believe that our taxation measures must be always according to the capacity of each person and the income he receives from his business. I hope this measure is only the beginning of a series of measures which will be brought forward later on by the Government for taxing the people according to their income. I hope this principle will be extended to land revenue also. It is really a bad thing to collect a uniform rate of land revenue from persons who have got very little income and persons who get a very large income. I hope the Government will seriously take into consideration the desirability of extending the principle of this Bill to land revenue also. We have got an example of this in the Travancore-Cochin State. There they have the agricultural income-tax not only on plantations, but also on other agricultural produce. The excuse that is put forward by the various Committees appointed by the Government against the adoption of this principle for purposes of collecting land revenue is that people experience very great difficulty in maintaining accounts. This is only a lame excuse. This difficulty must be overcome. After passing this measure, for which the Government deserve our congratulations, I hope they will also evolve a system of graded income-tax on the income of the people from land."

SRI K. BALASUBRAMANYA AYYAR :—“ Mr. Chairman, 4p.m. with a view to seeing that some improvements to some of the provisions may be accepted by the Government, we sought to move many amendments from this side of the House. This being a Money Bill, hon. Members of this House were unfortunately not represented on the Select Committee. So, we had no chance to say what we felt about the various provisions of the Bill. That is the reason for our trying to move some amendments on the floor of the House. But, unfortunately, the Government are anxious not to send back the Bill to the Assembly and so they find it difficult to accept any of the amendments moved here. Even though those amendments were innocuous and good, the Government could not accept them for incorporation in the Bill. However, the Hon. Minister for Revenue was reasonable enough to say that he would consider some of the amendments and see whether something could be done by providing for them in the rules and if that is not possible he would bring in a suitable amendment after watching the working of the Act for some time. Sir, the Income-tax Act itself is a very difficult Act. It gives rise to lot of complications and lot of case law. Similarly, agricultural income-tax also will give rise to a lot of difficulties and a great amount of litigation. So, it is always better to see that the provisions in the Act are clear by themselves. After all, we cannot expect the Agricultural Income-tax Officer to use his discretion in each and every matter. He must have clear provisions according to which he can act. We must set up proper standards. The provisions must be very clear so that they could be interpreted very strictly. We should see that none of the provisions were unjustly interpreted against the assesseees. It is for this purpose that I want that the

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provisions in the enactment should be made very clear. We are only anxious that no case of injustice or hardship should occur by any wrong interpretation of the provisions of the Act. Sir, in this connexion, I wish to refer to clause 9 about which my learned friend Sri Bhashyam has also spoken. Sir, this clause deals with income from settlement, disposition, etc. This clause has been copied from the Indian Income-tax Act which again has been copied from the English Act. Even in England, this provision has given a lot of trouble. In fact, one learned Judge has said about a similar provision in these terms. 'The Legislature in its anxiety to cover a wide net over colourable transactions of settlements has over-reached itself.' This is what the learned Judge has said. There will be many difficulties in actually applying this clause. This clause says, 'In computing the total agricultural income of an assessee, all agricultural income arising to any person by virtue of a settlement or disposition, whether revocable or not, and whether effected before or after the commencement of this Act, from assets remaining the property of the settlor or disponent shall be deemed to be the agricultural income of the settlor or disponent.'

This will give rise to a lot of difficulties in actual working. So, it is better for the Government to re-examine this clause again and to find out whether it would be properly applied to all transactions. As difficulties have arisen even in England in regard to the applicability of this clause, I request the Government to look into this clause 9 and see whether it is possible to amend the clause in accordance with the opinion expressed by us on the floor of the House. Otherwise, it will give trouble. I do not want to expatiate on this point any further as it will only be a waste of time especially at the third reading stage. We have explained our viewpoints and hope that the Government will look into our suggestions.

"We have also moved so many other amendments in respect of other provisions in the Bill. The Hon. the Minister for Revenue was very reasonable. Wherever he himself felt some difficulty, he has agreed to go into the matter and see if it is possible to accept the amendments moved by us. With that assurance at least, we in this side of the House feel satisfied that we have done our best so far as this Bill is concerned. I know very well that in this country we have not yet reached the stage when we need not care for the private sector at all. On the other hand, an assurance was given by the Prime Minister of India himself that the Government would give as much importance to the private sector as to the public sector. So far as coffee, tea and other commercial crops are concerned, they are all largely dependent upon the private sector till now. This is the first time that this State is imposing this agricultural income-tax on plantations. These are valuable crops and their position is fluctuating so to say. They depend upon world markets. I hope and trust that the provisions of the Bill will be applied with that amount of reasonableness, suavity and conscience which is required so that the whole Act may work properly to the satisfaction of everybody concerned the Government, the assesseees and the people."

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* SRI K. BHASHYAM :—“ Mr. Chairman, as I said at the beginning of the discussion, this is a Bill to be welcomed. I hope the Government will find it possible to extend it to other items of agricultural income. According to me, this is the only logical way of taxing those who are capable of bearing the tax. This is not a tax on land. This is a tax on income. We must have such taxes on the income of the persons concerned. As pointed out by the previous speakers, a person must have sufficient income to pay tax. There is no use of asking those who do not have sufficient income to pay the tax. If we tax persons according to the income that they derive, they could contribute some substantial amounts to enable the Government to run the administration and undertake so many welfare measures for the benefit of the poor people who cannot afford to pay large sums to the Government. If I had the authority, I will at once abolish the land tax altogether and introduce the agricultural income-tax in its place. When this is done, persons who are really very poor need not be asked to pay any tax and those who derive good income and who can afford to pay the tax may be asked to pay the same, for the benefit of the general public. This is what is happening in the western countries. I would like to make a suggestion to the Government. If it is not possible to accept my scheme immediately, let them consider it for acceptance at least at a later date or the Government may prescribe a sort of nominal land tax, say about Rs. 2 per acre of punja land and Rs. 5 per acre of nanja land. If this is done the poor people also will be contributing something to the public exchequer. On the other hand, we may have a graded income-tax in respect of the big landholders. If this is done, people who get a large income will be made to pay a greater amount as tax to the Government. This will work very well and the Government will not lose anything by way of revenue. Anyway, I welcome the present measure which has been introduced as an experimental measure. I hope this will lead to the abolition of the land tax altogether and the imposition of the agricultural income-tax.

“ As regards the Bill itself, I have been critical of some of its provisions. I cannot but express my opinion that some of the provisions of the Income-tax Act have been incorporated in this Bill without perhaps critically examining the relevancy or applicability of those provisions here. Secondly, Sir, the cases decided under the Indian Income-tax Act and the interpretation put upon the provisions of that Act have not been paid sufficient attention to by the Government. For example, clause 9 (1) was referred to by the hon. Member, Mr. Balasubramanya Ayyar, who spoke last. I now cite another instance. In respect of joint Hindu families, there is a provision to the effect, that if a joint Hindu family is divided and that if the taxing authority is satisfied that division has taken place *bona fide*, he can allow taxation to be levied on each member thereof. One principle adopted in this Bill is that ‘person’ includes not only an individual but also an association of persons, a joint family, an aliyasanthana family, etc.

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Therefore, in such cases, there need not be any provision regarding partition. If we want to take the provisions relating to the partition of joint Hindu families in the Indian Income-tax Act, then we must also take into account the cases decided by courts with reference to those provisions and the practice adopted by the income-tax authorities in the matter of assessment of such persons to income-tax. Mere agreement between the parties to divide so that they may be tenants in common but not joint tenants will not do. They have to divide by metes and bounds if they want to be assessed to income-tax on the basis of the individual's income. The Bill, as it is at present, does not solve this question. Clause 3 (3) is another stumbling block. It says that in the case of persons holding property as tenants-in-common and deriving agricultural income, the tax shall be assessed at the rate applicable to the agricultural income of each tenant-in-common. It means, in the case of joint Hindu families, the members can ask for individual assessment even if they enter into a family arrangement but not actually divide by metes and bounds. This is one difficulty.

“There are other difficulties also. I said I was critical about some of the provisions of the Bill only because I want them to be improved upon so that they may become definite, strict and certain. In all taxation measures, it is not proper to leave things uncertain. There should be no ambiguities so that not only the individual assessee but also companies assessed may be in a position to adjust their balance sheets in accordance with the clear terms laid down in the Act. In that sense, I wish the Bill had undergone a little more examination and also changes have been made in the light of decisions of courts on similar provisions in the Indian Income-tax Act.

“Sir, some complaint was made about the incidence of taxation. It was said that it was too high. Of course, I quite agree with the Deputy Leader of the Opposition that when we introduce a taxation measure, we must start with a low tax and then go on increasing it little by little. That is true if the Bill relates to new taxation measures. Now we have been accustomed to income-tax all these years. Therefore, this process of gradation is not called for. This agricultural income-tax is only one kind of income-tax. If agricultural income has escaped tax all these years, it is not because it was found inadvisable to tax it but because in the list of subjects enumerated in the Constitution for the States to legislate upon, agriculture finds a place. Land has become a State subject. Otherwise, agricultural income also would have been taxed long ago. So, the omission is just an accident. Therefore, we cannot say that we should wait for people to get accustomed to this tax. Especially in the case of large plantations, the owners are very rich people and they have been accustomed to pay income-tax on their individual income. Therefore, this process of gradation of tax need not much worry us. All that we should see is whether the land which is taxed

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can bear it. I think plantations can. Complaints were of course made that this five and half annas would really cripple the plantation industry since the persons who were in charge of these plantations would find it very difficult to pay the tax and still carry on. Sir, in the report of the Select Committee which went into this Bill, it is stated that one of the witnesses that tendered evidence before it has said that though some companies have declared dividends of 35 per cent, actually the shareholders get only a return of $7\frac{1}{2}$ per cent as the shares have multiplied in value by four or five times. That shows the value of the capital invested originally on the plantations has increased. Therefore, it cannot be said that the income derived by the owners cannot bear this taxation."

SRI K. BALASUBRAMANYA AYYAR :—" For the first six or seven years, they do not pay."

* SRI K. BHASHYAM :—" Here is a statement that some companies have declared dividends extending up to 35 per cent. If they get more profits, they pay more dividends. If they get less, they pay less. Here is also another statement in the same report made by the Hon. the Finance Minister. He says that plantation companies are declaring higher dividends than any other industry. He adds that the proposed agricultural income-tax is to be limited only to five and half annas in the rupee, whereas the income-tax in regard to other industries is much higher. So far as this matter is concerned, unless there is something radically wrong in the statement made by the Finance Minister, I think there is no warrant for us to say that the tax is too high. After all, the amount of tax should be such as to make it worth while collecting. If it should at least be more than the expenses involved in collection, five and half annas is not too much in the circumstances of the present case. Of course, in the case of smaller plantations, there are concessions. Then, there are other clauses which deal with compounding of tax which is also a concession. With all these advantages and concessions shown to the small planters, the tax is not going to be burdensome though in one or two cases it may cause some difficulty. But they cannot form the basis for the argument that there should be wholesale reduction in tax.

" Sir, while I welcome the Bill as a measure in the right direction, I would certainly ask the Hon. the Revenue Minister to see that all the difficulties and ambiguities pointed out are looked into and proper amendments to the Bill are brought as early as possible. I do not want any uncertainty or ambiguity to prevail in any taxation measure like this."

* SRI V. BHASHYAM AYYANGAR :—" Mr. Chairman, I 4-20
wish to join in congratulating the Government on introducing this a.m.
Bill and getting it approved by the Legislature. The principle of
the Bill deserves our hearty support. It is that tax should be
levied on the income which is derived from the land and not on the

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land itself. The Government have made a start by taking up the lands on which commercial crops are grown. But I hope they will also extend the principle to other lands gradually. I do not see any difference between a person who gets income from land and another who gets income from business or trade. Whereas a person getting income from business or trade has not got to pay any tax, unless the income is above a certain limit, the agriculturist, who spends his time and energy for the whole year on land, is obliged to pay tax, whatever his income may be. I want the Government to study this question and revise the principle of taxation with respect to land. They could levy the tax on income and not from the land itself as such. My hon. Friend Mr. Bhashyam said that there should be a basic tax on land whether it is dry or wet. But I do not see why it should be so; such a thing would work hardship on agriculturists. Even though an agriculturist may work for one whole year and get only Rs. 100, he has now to pay tax. Now that we have attained independence and we have the socialistic pattern of society as our ideal, I think it is high time that Government take up this question seriously and revise the system of taxation altogether and convert the land assessment into one of income-tax. A beginning has been made by Government and I hope they will go into the matter further and extend this principle to all lands. With these words I have great pleasure in supporting this Bill which has been placed before the House and ably piloted by the Hon. Revenue Minister."

SRI MOHAMED RAZA KHAN :—" I feel I would be failing in my duty if I do not congratulate my friend Mr. Bhashyam more than the Hon. Minister for Revenue because so far as this particular taxation measure is concerned, he was more anxious than the Minister himself that there should be no change at all made by us in this Bill. That is what he was labouring for for the past three or four days, speaking right through. That is why he even went to the extent of saying that asking planters (of course well-to-do planters) to pay annas five a rupee is after all not too much. Might I say on this occasion that while the Government of Madras will be able to get an income between 30 to 40 lakhs by this measure of taxation, take it from me that from now on, the intensive of plantation industry would be gone for ever. My friend Mr. M. P. Govinda Menon, sitting next to me, says that it will not be so. But might I say, Sir, that plantation industry is not like other industries. If for one or two years the crops fail, it means it will be a total loss for the planter. He cannot easily make up the loss. Or then again if due to failure of monsoon, the flowers do not come earlier, it means all the difference to the planter. He cannot look forward for a good crop. Again unlike the agriculture industry, a planter cannot increase his acreage. It requires a lot of capital. If at all the plantation industry is what it is to-day, it is due to the pioneers who in the later half of 17th century or early part of 18th century went to these places, put their capital, took all the pains to develop that industry; it is they who have brought this industry

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to the forefront. Even according to the Minister's statement, the total acreage under rubber, tea and coffee—all included—is not more than three lakhs of acres. I may tell you it would be very difficult for a planter to have further plantation. But somehow after going through the accounts of the plantation companies and after taking evidence, Government have come to the conclusion and they have fixed the rate in the schedule that the planters could be taxed ranging from half-an-anna to five annas in the rupee. Of course on our side we have two eminent lawyers in the person of Dr. V. K. John and Mr. K. Balasubramania Ayyar, while Mr. Bhashyam dominates on the other side. The lawyers on our side have pointed out how in this Bill the Government have not followed the Indian Income-tax in its entirety and how they have followed it only when it suited them and how on occasions when it did not suit them, they have followed their own method. But somehow the Hon. Minister for Revenue has got the knack of getting through any piece of legislation. I am not laying any charge on him. But I want to say that the Hon. Minister for Revenue has got the knack of getting the approval of the House for any piece of legislation, without his expatiating much on the reasonableness or the necessity for such a taxation measure. Somehow without putting forward weighty arguments, by his nodding of his head and by his smiling face, the Hon. Minister for Revenue gets the measure through. (Laughter.) If members point out two or three points, he says after all they are not very important ones and that they could be adjusted. Somehow the House has got confidence in him and with his smiling face he is able to win through. On this occasion he had so much support from my esteemed friend Mr. Bhashyam that he even went to the extent of saying that diamond cuts diamond."

SRI K. BHASHYAM :—" I did not say " diamond ". The Minister said ' I am a diamond. ' "

SRI MOHAMED RAZA KHAN :—" No doubt you got the encomium of diamond. Of course you are a diamond. It is compliment to you."

SRI T. PURUSHOTHAM :—" Is it parliamentary expression to call a member ' diamond ' ? "

MR. CHAIRMAN :—" Beautiful expression."

SRI MOHAMED RAZA KHAN :—" Unless the hon. Member chooses to call himself otherwise, he is a diamond. But it should be noted, Sir, that sometimes in the process a diamond becomes carbon when it is exposed to fire.

" Several hon. Members have offered their suggestions and view points. I do hope the Hon. Revenue Minister would go through the various points they have raised in this House. In the process of working of this Act, the planters would be put to difficulties, particularly when they have a restricted acreage and even their

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capital expenditure is not allowed to be deducted from the total income. I am sure the Hon. Revenue Minister would not hesitate to bring in an amending Bill, for it will not be surprising because no Act of the Government of Madras remains without coming to us for five or six times for being amended. Therefore I am sure, if the Minister feels that these planters would be put to a good deal of difficulty because of this Bill he would bring in another Bill for amending the present one. While no doubt the Government of Madras has made a beginning with bringing in this agricultural income-tax on plantations, they should at the same time see that the industry is not ruined. That is what I want the Hon. Revenue Minister to take note of. I would like to congratulate the Hon. Minister in conclusion for getting this Bill through."

* SRI A. M. ALLAPICHAJ :—" Mr. Chairman, Sir, in this House we have got some of the eminent advocates in the State, with Sri K. Bhashyam on our side and our friend Dr. John and some other friends on the other side. One of them said that this Income-tax Act is a very difficult Act to understand. Some of the provisions of the Income-tax has been embodied in this Bill which is going to become an Act very soon. I would suggest to Government one thing. When Government want to constitute a Tribunal under the Act, they should see to it that they take the help of the most qualified persons in these subjects. In the Tribunal that will be established under the present Bill, as it is at present worded, they say it may consist of even one Member, but not more than three members. They say one of the three Members must be a Judicial Member. But with regard to the other two, they can be any others. Government have to seriously think about this. This is a difficult Act and many important things will come in before the Tribunal. We have got a lot of people with the best legal training. Why should not Government make the best use of these persons instead of saying that there must be only one member with legal training without saying anything with regard to the other two. There will be then miscarriage of justice. That means there will be appeals. What I wish to say is there is already a feeling that the legal profession is not properly respected and treated at the hands of Government. In a Tribunal like that, there must be room for people with legal training and experience. On the other hand, Government say that there must be one member, who will be a retired District Judge and two other persons in the Tribunal. What will be the result? The two other members will join together and defeat the judicial member and that will lead to miscarriage of justice. As the hon. Deputy Leader of the Opposition so nicely put it, the hon. Minister is very amenable to reason. I would like to suggest to the Hon. Minister that in case if he brings an amendment in future, this point has to be considered by the Government."

DR. V. K. JOHN :—" This is the first time when the hon. Deputy Chairman is criticising the Government."

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SRI A. M. ALLAPICHAJ :—" I am not criticising the Government. The hon. Deputy Leader of the Opposition is making a mistake."

* **THE HON. SRI M. A. MANICKAVELU** :—" I sincerely thank the hon. Deputy Leader of the Opposition and other hon. Members for the kind sentiments they expressed. Most of the hon. Members who took part in this discussion are persons belonging to my profession, i.e., the legal profession. Of course Dr. Srinivasan intervened in the debate some time yesterday. Their remarks as regards the drafting and other implications of the provisions of the Bill are very useful. Sir, I am also very lucky, in that yesterday and to-day the hon. Deputy Leader of the Opposition was not only calm and reasonable, but also very generous and profuse in his nice remarks. I think that it is a case of periodicity in him and I wish that periodicity occurs oftener than usual."

DR. V. K. JOHN :—" I hope the Hon. Minister will be deserving it always."

THE HON. SRI M. A. MANICKAVELU :—" Sir, the principle of taxation has been welcomed. The rationale of the taxation has been accepted and now it only remains to be seen how far this can be worked out with regard to the other sectors of agriculture. No doubt the rationale of it is alright but we must see how far it will be practicable and workable. That is what we are now trying to do. When we know the result of the working of this Act, then there will be time enough to see how far we can extend it to the other sectors of agriculture.

" Sir, it was pointed out that this taxation will work as a hardship on the industry. The other day I gave figures to show that thousands of these individual planters have been exempted. Only very few come in under the purview of this taxation measure and they are mostly Companies. As regards the Companies, from their balance sheets and profit and loss accounts, it is seen that the industry is working well. With regard to individuals, it is not so profitable because they do not have the necessary organization. But the Companies have got the necessary organization and their personnel is good. Many individual planters have been exempted from this tax. A second category of persons are also allowed to compound the tax, so that they may not have the bother of keeping accounts.

" Sir, it was pointed out that the Government did not have the benefit of a Joint Select Committee to consider this Bill. I would have very much welcomed if it was possible for the hon. Members who spoke so elaborately here to serve on the Select Committee, and the whole thing would have been thrashed out

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there. But it is a pity that this being a money Bill, hon. Members of this House could not serve on the Committee. They were welcome to give their suggestions and as a matter of fact, they gave their suggestions. The only grouse is that they could not serve as members of the Select Committee wherein their voice would have been more felt.

"It was mentioned by the hon. Deputy Chairman that there is a provision only for one member of the legal profession to be in the Tribunal. Instead of a complaint, I must take it as a compliment that there is a provision for at least one member of the legal profession to serve in the Tribunal. There is no such reservation for others. That is a compliment to the legal profession. The clause only says that at least one must be a member of the legal profession and there is no bar for more. Even all the three members can be advocates or Judges. There is no objection. It may be necessary to put at least one member who is well-versed with this plantation business. That does not mean that the lawyers or the Judges will not be given due weight.

"Sir, I have already stated that the difficulties and defects pointed out will all be gone into carefully when the rules are framed. There are certain things which could not be overcome by rules and for that, Government will come in with an amending legislation. We feel that there are some difficulties and they should be rectified. The Government will not hesitate to bring in an amending Bill to remove the defects. But we will have to wait and see how this measure works and what all should be done.

"It was stated that if the Government accept any of the amendments the Bill has to go to the Assembly again, and so they are not accepting any amendments. That is not the only reason. Hon. Members have now pointed out certain defects and difficulties. In the actual working of the Act certain other difficulties and defects may arise. After we gain some experience in the working of the Act, if we consider all the defects together at one time we can bring the necessary amendments once and for all. That is why Government are not accepting any of the amendments now, and not simply because there is the difficulty that the Bill has to go to the Assembly again.

"Sir, I wish to thank you also for so nicely conducting the proceedings and avoiding any rancour between myself and the hon. Deputy Leader of the Opposition."

MR. CHAIRMAN :—"The question is—

'That the Madras Plantations Agricultural Income-tax Bill, 1954 (L.A. Bill No. 30 of 1954), as passed by the Assembly, be passed.' "

The motion was carried and the Bill was passed.

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(2) THE MADRAS GENERAL SALES TAX (AMENDMENT) BILL, 1955
(L.A. BILL NO. 4 OF 1955).

* THE HON. SRI M. A. MANICKAVELU :—“ Sir, I move— 4-40
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‘ That the Madras General Sales Tax (Amendment) Bill a,
1955 (L.A. Bill No. 4 of 1955), as passed by the
Assembly, be taken into consideration.’

Sir, I may point out that sub-section (1) of section 3 of the Madras General Sales Act, 1939, provides for the levy of sales tax in respect of the total turnover of a dealer for each year. The Madras General Sales Tax (Turnover and Assessment) Rules framed under the Act provides for the collection of the tax in advance even before the end of the financial year. The High Court of Madras recently held that the levy and collection of tax in advance had not been specifically provided for in the Act and that the rules were therefore invalid. It is now proposed to amend the Act so as to specifically authorise the Government to provide for the levy of sales tax in advance. It is also proposed to give retrospective effect to the proposal from the date of commencement of the main Act. This practice of levying and collecting the tax in advance has been in force for a number of years, i.e., ever since the commencement of the Act, and this was not felt as infringing the provisions of the Act. But in the case that went up to the High Court, the High Court decided that the levy and collection of the tax in advance could not be provided for in the rules. That is why, Sir, we are amending the Act.”

MR. CHAIRMAN :—“ Motion moved :—

‘ That the Madras General Sales Tax (Amendment) Bill, 1955 (L.A. Bill No. 4 of 1955), as passed by the Assembly, be taken into consideration.’ ”

* DR. V. K. JOHN :—“ When were the rules providing for the collection of tax in advance framed, Sir? ”

* THE HON. SRI M. A. MANICKAVELU :—“ I think, Sir, the rules were framed soon after the Act came into force. To answer this question correctly, I require notice. I require time to verify the date so that I may give correct information to the hon. the Deputy Leader of the Opposition.”

* DR. V. K. JOHN :—“ Sir, I have always been against the imposition of sales tax as a taxation measure. I consider that it is a regressive form of taxation. If a man should invest his money on a business and should lose in the business, the Government do not take a share in his loss. The businessman has to pay income-tax only on the profit that he makes, but in the case of the sales tax, whether he makes a profit or not, the Government will recover from him the sales tax. Calculations have been made

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showing that this sales tax forms about 25 per cent of the value of the article. I oppose sales tax as a taxation measure because it is regressive in its incidence, and it adds to the cost of living. It is a great burden on the poor man. Even the beggars' homes are taxed. Therefore, this tax should not have been introduced in our State. In other countries there is the purchase tax on luxuries and no sales tax. We must now as far as possible try to see that the provisions of this measure are not enforced regressively and harshly against the assesseees. I know from my professional experience that a very large number of people have been ruined by this sales tax. They are unable to find the money to pay this tax. Very often they incur losses, especially the smaller dealers. Even when they incur a huge loss they have to pay the sales tax. Again what is the rate of the tax? The rate is very high. The Taxation Enquiry Commission provide that the rate should not be more than half a per cent, that is, one pie in the rupee. Now we are charging many times more. It is not at all one pie in the rupee. When there is the multi-point sales tax, they say that the rate should not be more than one pie in the rupee. In fact it should be even less than one pie. I tell this Government that they should, before introducing any measure connected with the levy of this sales tax, should study the recommendations of the Taxation Enquiry Commission and reduce the rate of this sales tax. Otherwise the Government will be confronted with diminishing returns. The Government some years before were having huge receipts from sales tax. But now the receipts have gone down. Why? The reason is that the purchasing power of the people has been brought down. There are no sales in the shops and consequently sales tax receipts also are low. Now we say that levy of the sales tax shall be made in advance. Though the rules said that levy and collection of sales tax could be made in advance, still as such a provision was not found in the Act, the rules were held to be invalid. To set right the position, the Government have brought forward this Bill. Sir, I think it will be a very harsh thing to ask for payment in advance, if collection of the tax is not made by the businessman. Very often the collection of the tax is made by the dealer. I agree with the Government that the businessman collects sales tax from the customers. The Government can recover that amount from him. But there are cases in which the tax is not collected by the businessman at all, but he ultimately pays the tax to the Government. When he pays it out of his own pocket, it will be a very difficult thing for him to pay the tax in advance. The Government do not provide for any interest on the tax collected in advance. Section 18-A of the Indian Income-tax Act provides for two per cent interest to be paid by the Government to the assessee. I think this was introduced in the year 1946 for the purpose of withdrawing the excess money in circulation then. On account of the war, many people had too much of inflated money with them, and the Government of India thought that that money should be withdrawn. But to-day the position is

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different. We are trying now to collect the tax in advance. I am quite sure that in many cases this measure will be found to be very oppressive and people will be ruined.

"Sir, I do not see why this Bill should be given retrospective effect. The Government are providing for collection of tax in advance during this year. How can they say that they are giving retrospective effect from the year 1939? How is it possible to have advance collection of taxes due for the years 1939 and 1940?"

THE HON. SRI M. A. MANICKAVELU :—"The retrospective effect will apply to levy and collection of tax only for the last one or two years. In the case of the earlier years, it is all over."

* DR. V. K. JOHN :—"I am glad, Sir, that the Hon. the Mover of the Bill realises the difficulty in providing for payment retrospectively from 1939. He says that it is only for one or two years. It cannot be for one or two years either. It can be only for the current year. There is no question of collecting in advance the tax due for last year. In spite of the explanation now given by the Hon. Minister that it will apply only to the last one or two years, Clause 3 of the Bill says—

'The principal Act shall be read and constructed as if the amendments made by section 2 had formed part of the principal Act from its commencement'

We are trying to get rid of the English language, but so long as we are using that language, I think we must understand it correctly. The clause says '... from its commencement'. Does this mean the last one or two years? It means from 1939. The Government are providing for the collection in advance of the tax not for the current year but for the years earlier than that, i.e., from 1939. How is it possible to do this? The Hon. Minister's explanation and the clause are mutually contradictory. I do not want to say anything about bad drafting, because they immediately become very sensitive. But as a lawyer, I am unable to understand what is meant by saying 'advance collection of tax' for the year that is passed."

SRI M. P. GOVINDA MENON :—"What about the collection made when it was not authorised?"

* DR. V. K. JOHN :—"Well, that would be an excellent reason for providing for validation of taxes collected in advance in previous years. The High Court never says that the Government must give back this tax. The High Court has only said that the Government cannot collect the tax according to the previous Act even though the Government had provided for the same in the rules. As the Act itself did not contain a provision enabling the Government to do this, the High Court said that the Government cannot do it. Now, the Government have brought forward an

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amendment providing for this in the Act itself. I can understand if the Government collect this advance tax from this year onwards. They should not give retrospective effect to this amended provision. Retrospective application in respect of any legislation is certainly bad. I hope the Hon. Minister will reconsider the matter and bring forward an amendment if necessary. I must say with all sincerity that the Hon. the Minister for Revenue, the Mover of this Bill, is sincere about anything that he does or says. If he says that he will look into a particular matter, I am sure he will look into the matter and see that hardships are removed wherever they are found. Suppose a person has to pay this advance tax from out of his pocket and he also pays it. Supposing he was not able to collect this tax or portion of it from other persons, he will be in difficulty. When the Government collect the money in advance and do not pay any interest, the persons concerned will be put to great hardships. People in the commercial line cannot get money easily for carrying on their business. They have to pay 7 per cent or 9 per cent even to the Bankers and in most cases they have to borrow money at usurious rates of interest. Now, when the Government take away the money from these poor people, they are prevented from putting their own money into business and go in for loans which are also not easily available. After all, it is a question of diminishing return. Why should the Government take away the money from these businessmen? I cannot simply understand that. Suppose the Government take away a sum of Rs. 1 lakh from an assessee by way of advance payment of tax. By this the Government are only preventing the person concerned from putting this money into his business. If only this amount was available with him, he would have had a roaring business and the Government also would have got more revenue as a result of the expanded business of this person. I request the Government to kindly consider whether this advance collection is to their own interest. I as a person knowing something about the commercial branches of law and as one who has been arguing such cases in the High Court—think that it will be very oppressive to a businessman when the Government take away the money in advance. From the businessman's point of view, I should express my view against the Government's making this advance collection. I personally welcome it. If I am asked to pay the tax in advance, I will gladly do it. Because I am not doing any business. I am only a professional man. When I am asked to pay the tax in advance and when I pay it, I will at least get 2 per cent interest. I will be glad to pay this tax in advance for another reason, viz., at the end of the year, there will be nothing for me to pay. But, in the case of a businessman, the position is absolutely different. Because, he depends on this money for his business. It is his capital, so to say. When this money which he will use as his capital for his business is taken away by the Government, surely it will create all sorts of difficulties for him. In the ordinary course, he would have invested this money on his business, which would have given him

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more income and naturally the Government also would have got more tax. Therefore, I would request the Hon. the Minister for Revenue to find out what will be the effect of this measure on the Government's revenue itself and on business in general. When business contracts, naturally unemployment will increase. Sir, we must not do anything which would create more unemployment. We must do everything possible to solve the problem of unemployment. For this purpose, we must increase the purchasing power of the people. How will this be possible when we make the business contract? Unless, more and more money was allowed to flow into the business sector we cannot solve the unemployment problem. The Government must realise this. There is no use of their saying, 'Look here. You pay whatever you have got as advance tax to us. If you want money for expanding or even for running your business, you better borrow money from other sources at 12 per cent interest or even at a higher rate of interest. If you are not able to borrow money and if you are not able to run your business profitably and if you get into a loss, we are not responsible.' I must say that this attitude of the Government will certainly jeopardise the interests of many businessmen in this State. I would request the Hon. Minister to depend upon the economic strength of the people. We must raise the purchasing power of the people. We must help the businessmen to enlarge their business and to increase production. If this is done, I am sure the Government also will get more income. But, as it is, the provision for advance collection will only contract business and will give the Government only diminishing returns. In actual practice, the Government will see that they stand to lose because of this measure. This is what I wish to point out to the Government, Sir."

SRI M. ETHIRAJULU :—"கனம் சேர்மன் அவர்களே, இந்த விற்பனை வரி மசோதாவை ஆதரித்து சில வார்த்தைகள் பேச விரும்புகிறேன். சென்ற வருஷ வரவு செலவுத் திட்டத்திலே சிறு வியாபாரிகளுக்கு நாம் விதிவிலக்கு அளித்தோம். அதாவது மச்சம், மாமிசம் போன்றவைகளை வியாபாரம் செய்கிறவர்களுக்கு விதிவிலக்கு அளித்தோம்."

MR. CHAIRMAN :—"ஒன்றும் புரியவில்லை; இருந்தாலும் பேசுங்கள்"

SRI M. ETHIRAJULU :—"இந்த வருஷ பட்ஜெட்டிலே உருளைக் கிழங்கு, வெற்றிலை, காய்கறிகள் போன்ற சாமான்களுக்கு விதிவிலக்கு அளித்திருக்கிறோம். ஆனால் ஒரு சர்க்காரை நல்ல முறையில் நடத்த வேண்டுமானால் வரி மிகவும் முக்கியமானது. வரி விதித்து அதன் மூலம் வரும் வருவாயைக் கொண்டுதான், மக்கள் கேட்கும் குறைகளை நிவர்த்தி செய்யமுடியும் என்பது எல்லோருக்கும் தெரிந்த விஷயம். இருந்தாலும் இப்போது வரிவசூல் செய்யக்கூடிய ஆபீசர்களின்மேல் சில அவதூறுகள் சொல்லப்படுகின்றன. ஆனால் அவர்கள் சர்க்கார் உத்திரவை மேற்கொண்டுதான் வரி வசூலித்து வருகின்றார்கள். ஆனால் வியாபாரிகள் எந்த அளவுக்கு இதில் ஒத்துழைக்கிறார்கள் என்பதைப் பார்க்கவேண்டும். அவர்கள் மாதாமாதம் கட்டவேண்டிய பணத்தை கட்டிக்கொண்டு வருகின்றார்களே தவிர, தாங்கள் மேலும் இவ்வளவு வியாபாரம் செய்யுமாறு, அதற்கு இவ்வளவு வரி என்று தனியாக எழுதி கொடுப்பதேயில்லை. அவர்கள் இப்போது எல் துறைகளைக் கையாண்டு விற்பனை வரியை சர்க்காருக்கு கொடுக்காமல் பல வழிகளில்

[Sri M. Ethirajulu]

[18th March 1955]

வியாபாரம் செய்துவருகிறார்கள். ஒரு உதாரணம் சொல்லுகிறேன். இப்போது சென்னையிலே வாங்கும் சாமான்களை யெல்லாம் பெரும்பாலும் லாரிகளில் ஏற்றிக்கொண்டு அவர்கள் இடத்திற்கு எடுத்துச் செல்லுகிறார்கள். அவைகளுக்கு எவ்வித ரசீதும் (Bill) கிடையாது. அப்படி லாரிகளில் போகும் சாமான்கள் யாருக்காகப் போகிறது, எந்தக் கடைக்காரருக்குப்போகிறது, யாரிடத்தில் வாங்கினார், என்பதெல்லாம் ஒரு தகவலும் லாரி டிரைவர் வைத்திருப்பது இல்லை. அப்படி இந்த வியாபாரிகள் நடந்து கொள்வதால் பெருத்த அளவில் சர்க்காருக்கு வரிகொடுக்காமல் மோசம் செய்யதை விற்பனை வரி அதிகாரிகள் தெரிந்துகொண்டிருக்கிறார்கள். இம் மாதிரியாக லாரிகளிலும், ரயில்களிலும் பார்சல்களாக ஏற்றிக்கொண்டு எவ்வித அத்தாக்கியில்லாமலும் சர்க்காரை ஏமாற்ற வியாபாரம் செய்யப் படுகிறது. இவைகளுக்கு எல்லாம் ரசீதே வைத்துக்கொள்வதில்லை. கடைக்காரரும் விற்பதாக கணக்கு வைப்பதில்லை. பொருள்களைக் கொடுப்போரும், அதாவது விற்பனை செய்வோரும் சாதாரணமாக விற்பனை வரியை ஏமாற்றுவதற்காக பெரும்பாலும் ரசீது இல்லாமலேயே சாமான்களைக் கொடுக்கிறார்கள். ஆகவே இதையெல்லாம் கண்டுபிடிப்பதற்கு வரி வசூலிக்கும் ஆபீசர்களுக்கு நாம் போலீஸ் அதிகாரம் கொடுத்துத் தவ வேண்டும். அவர்கள் சாமான்கள் ஏற்றிக்கொண்டு போகும் லாரிகளை நிறுத்தி, அதில் என்ன சாமான்கள், யாருக்குப் போகிறது, வாங்கிய இடம் எது, என்பவைகளையெல்லாம் விசாரித்தால்தான் அதன்மூலம் சர்க்காருக்கு உண்மையாக வரி வந்து சேரமுடியும். அப்பொழுதுதான் சர்க்காரும் மேற்கொண்டு நல்ல முறையில் நடப்பதற்கு முடியும். அதை விட்டுவிட்டு, வரிகளைக் குறைக்கவேண்டும், மேலும் அதிகரிக்கக் கூடாது என்று சொல்வதெல்லாம் தவறு. பணம் படைத்த வியாபாரிகள்தான் பெரும்பாலும் நல்ல முறையிலே சர்க்காருக்கு வரி கொடுப்பதில்லை. ஆகவே இம்மாதிரியாக லாரிகளில் சாமான்களை எடுத்துச் செல்வதையெல்லாம் தடுத்து, சர்க்காருக்கு அதிகமான வரி வசூலிப்பதற்கு விற்பனை வரி இலாக்கா அதிகாரிகளுக்கு போலீஸ் அதிகாரம் கொடுத்துத் தவ பரிசீலனை செய்யவேண்டுமென்று அரசாங்கத்தைக் கேட்டுக் கொள்ளுகிறேன்.

“அடுத்தபடியாக, பெரும்பாலும் சாமான்கள் ரயிலிலே பார்சல் மூலமாக எடுத்துச் செல்லப்படுகின்றன. ஆகவே அவைகளை பரிசோதனை செய்வதற்காக, எவ்வெவ்வித வழிகளைக் கடைப்பிடிக்கலாம் என்பதையும் கண்டுபிடித்து, அதற்கும் ஆவன செய்யவேண்டுமென்று கேட்டுக்கொண்டு முடித்துக்கொள்ளுகிறேன்.”

5 p.m.

* SRI K. BHASHYAM :—“ Sir, there are two or three points involved in this measure. One is the question whether there should be advance payment of tax at all. The second is how to give effect to it. The third question is, so far they have been collecting the tax on the basis that the Government were entitled to do so. Some provisional collections have also been made. Now that it has been found to be illegal, how are we to make it legal? These are the points to be considered now. So far as advance payments are concerned, I think we have become accustomed to such payments from 1939. It is only recently when an enterprising gentleman took up the matter to the High Court, the High Court came to the conclusion that such a procedure of collecting the tax in advance was wrong. However, I may point out that we have been used to this kind of advance payment. Even in the case of income-tax, we pay the tax in advance. So, this is nothing new. This system of advance collection came into force during war time when the Government wanted money earlier. So, that system was introduced. Though the war has ended,

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this provision still remained. This is the usual thing that happens in every case. If we look at the history of the income-tax, it will be seen that it was introduced as some sort of war measure in the days of Mr. Gladstone. It was intended only for the purpose of meeting the expenses connected with the war and for no other purpose. But, it has continued for the past so many years. The money derived from this tax is now being used even for meeting ordinary expenses. This practice has continued for such a long time and there is no use of blaming the Government now.

“Now there is the other question to be considered. How are we going to legalise what has been done before? This is what is sought to be done by the amending Bill that we are now considering. It is here we have to be very clear and careful also. If the bill is not passed it will look as if the Government will be asked to refund those amounts and recollect them again. If they are to refund those amounts, they will have to refund not only the amounts that they collected but also the interest thereon. This means that the Government will have to refund a large amount. To avoid this only I said that the wording of the amended Bill should be very clear. So we have said in clause 3 that ‘The principal Act shall be read and construed as if the amendments made by section 2 had formed part of the principal Act from its commencement.’ I think this is the familiar way of drafting. We have to draft the provisions in such a way that there are no ambiguities. That is the English way of drafting. That is also the Indian way of drafting. So, I do not think there will be any difficulty in regard to this matter. This is a very simple Bill and there is no need for a long speech or heated argument. I submit that there is no necessity for my friend Sri Raza Khan—who, I suppose, is preparing himself—to speak on the Bill. I do feel that this measure may be passed without any more discussion.”

• SRI MOHAMED RAZA KHAN :—“Mr. Chairman, Sir, I think some confusion has been caused more on account of the remarks made by the Hon. the Revenue Minister himself. If only he had taken pains to explain the position more fully, I think the Members would have been in a position to make a proper appreciation of the stand taken by the Government. As far as the provisions of the Act are concerned, there is no compulsion on the part of the assessee to pay the tax in any particular manner. The party can make payment on a monthly basis or otherwise. He can tell the Assistant Commercial Tax Officer or whoever the authority be that he is going to make payment on a monthly basis, e.g., that he will pay the tax collected during March on the 26th of April next. If he is not agreeable to this course or if he feels that this mode of payment will be inconvenient to him, he can also allow himself to be assessed to sales tax on the basis of the previous year's turnover. This is provisional assessment. Therefore, there is no such thing as compulsion on the part of the assessee to make advance

[Sri Mohamed Raza Khan] [18th March 1955]

payment of the tax. There are one or two advantages also for the merchants if they make payment on the basis of the previous year's turnover. For example, suppose I made business last year to the tune of one lakh of rupees. I can pay provisional tax on this basis for this year, whereas the actual sale this year runs to, say three lakhs of rupees, and on this basis I must pay more tax immediately. But I don't do it because the regular assessment comes in only after I submit my returns. So, the difference between the provisional assessment and the regular assessment which is made after the submission of returns, is the money which I keep with me for twelve months and I can rotate it in business. The party has got the advantage of keeping this money for twelve months before he pays it to the Government, unless of course the Deputy Commercial Tax Officer enhances the provisional tax meanwhile. But generally, it is not done. There is one disadvantage also here. Suppose my turnover last year was Rs. 15,000. I pay provisional tax on this for this year, whereas actually this year my business goes down. At the end of the year, of course, the regular assessment is made when the excess money collected is refunded. Here some difficulty is experienced. Whenever money has to be paid to the Government, they are always very careful to see that it is collected in full as quickly as possible. But when they have to pay to the party, they take a long time. I would request the Hon. the Revenue Minister to issue instructions to see wherever such advance payment of tax is made, the accounts are checked as soon as the year is out and the money due to the parties is returned at once. I request him to clarify the points I have tried to explain now and I also hope he will issue instructions to the authorities to see that refunds are made as soon as they fall due."

5-10
p.m. * SRI T. PURUSHOTHAM :—" Sir, after hearing the Hon. Member, Mr. Bhashyam, who has explained the rationale of this measure so clearly, I am sure there will be no reasonable opposition to the passage of this Bill. This Bill is just intended to solve a legal difficulty and being such a simple measure, I believe we will accept it. The hon. Member, Mr. Ethirajulu raised a general question in this connection and I can only remind him that the Taxation Enquiry Commission did go into the taxation structure of the States in regard to sales tax also. I am sure the Government will examine fully the recommendations of the Taxation Enquiry Commission with regard to this question. The Commission has also dealt with the question of exemption of food-stuffs from the levy of sales tax. Special mention has been made in the report with regard to departmental corruption and harassment on the part of the subordinate staff. I hope the Government will examine these questions also. The Commission has referred to evasion of tax and I am sure the Government will take this factor as well into consideration and see that a general, comprehensive Bill is brought at an early date covering the entire field of sales tax levy and administration. In that connection changes and improvements that may be found necessary may be introduced. I think this Bill may go through and I do hope that Government would take the necessary steps with

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regard to rationalisation of this tax with reference to the report of the Taxation Enquiry Commission. With these words I support the measure."

* SRI T. M. DAIVASIKHAMANI ACHARIAR :—" Mr. Chairman, I am very much interested in the sales tax and I also congratulate Government for having exempted perishable goods from the levy of sales tax. I would have been gladder if coconuts also were exempted from the operation of sales tax as it is also a perishable commodity. Be that as it may, the need for the sales tax has been agreed to by one and all. The Deputy Leader of the Opposition brought it to the notice of Government that to call this as sales tax is a misnomer but that the proper wording ought to be purchase tax. Sir, there is some sense in what they say. It is the purchasers who pay the tax and not the seller. Therefore I think that definition could be given. The Deputy Leader of the Opposition touched upon this subject and said in England and other civilised countries, this is known as purchase tax. Now as Government are facing a deficit of 166 lakhs, it is for them to find out ways and means to get the deficit wiped out. Their only hope is that they could get a loan from the Government of India or that they may raise loans in the State. Sir, it is indeed a very hopeful sign but I have got my own doubt about it. Whether it is going to be realised or not, time alone can show. Sir, we are now leaving out the milching cows and we are trying to get the quantity of milk from dried-up cows. Sales tax on small articles will not fetch Government with the necessary money they want to balance their expenditure. In this case I would bring to the notice of Government about their having taken away the sales tax on ready-made jewels, diamond, etc. I do not know what made Government to get exempt the sales tax on these ready-made jewels, diamond, etc.

" A very responsible authority in Bombay, viz., the President of the All-India Jewellers' Association has come forward with his figures. For every year he says 600 crores worth of jewels are made for marriage purposes in India, leaving alone the other purchases wherein our ladies are bedecked with jewels. Sir, these jewels are not manufactured by private companies or workmen. A great majority of these things are made in shops and these shops get the major profit out of them. I made a rough calculation, Sir, on this subject and I have found that Rs. 70 crores worth of jewels are made in a year in our State. This Rs. 70 crores worth of jewels are not made by the jewellers sitting the whole day in their pials, but these are made by the men who sit in their cushions. These are the men who reap huge profits by incurring an expenditure of Rs. 70 crores annually on the manufacture of jewels. Previously Government thought of taxing them Re. 0-1-3 in the rupee for the manufactured jewels and diamonds. But somehow they have dropped the idea with the result these persons sitting in the cushions and reaping good profit go un-taxed. Somehow these big men have enticed the Government and they have dropped the idea of taxing manufactured jewels. I say, Sir, Government ought not to be deceived by these

[Sri T. M. Daivasikhamani Achariar]

[18th March 1955]

people. What was the condition of these merchants some five years ago? What is their condition to-day. Sir, these merchants, these shop-keepers who make Rs. 70 crores worth of jewels are the real blood-suckers of people. These merchants who were only ordinary folk some five years ago have now amassed huge profits. They are earning lakhs and lakhs of rupees. Government should not close their eyes to this fact. I think Government are working at the wrong end. We must make up the deficit and are we to lose the Rs. 288 lakhs which we could get out of the horns of these people? Every year they are amassing lakhs and lakhs of rupees. Why should they then protest against any increase in taxation. There is no meaning in their doing so. It is the purchasers who pay the tax. Therefore why should they grudge paying Rs. 288 lakhs as sales tax on their sale of manufactured jewels and diamonds? When that source of taxation is there, why should Government think of approaching Government of India for loan or for raising loan here itself. Therefore, as Mr. John always says, if we are a civilised Government we must show to the world that we are civilised by restoring the sales tax on manufactured jewels and diamonds and then there will not be any necessity for Dr. John to characterise us as uncivilised Government. With these words, I thank you, Mr. Chairman, for having given me an opportunity to speak."

5-20
P.M.

SRI V. V. RAMASWAMI :—"கனம் தலைவர் அவர்களே, இந்த பொது விற்பனை வரிச்சட்டத்தின் சில விதிகள் பல ஆண்டுகளாக நடைமுறையில் இருந்துவந்து, பிறகு உயர் நீதி மன்றத்தில் இவை மூலசட்டத்தில் இல்லாததினால், செல்லாது என்று தீர்மானிக்கப்பட்டுவிட்டது. ஆகையால் அவைகளை சட்டப்படி செல்லும் என்று உறுதிப்படுத்த இம் மசோதா கொண்டு வரப்பட்டது. அப்படிக் கொண்டுவந்ததில், எல்லா வசதிகளும் அதிலே அடங்கி இல்லாவிட்டால் அந்தச் சட்டம் வந்தும் பயனில்லை. வசதிகளோடு இல்லாமல் சட்டம் கொண்டுவந்தால், அதை என்போன்ற வியாபாரிகள் முழுமனத்தோடு வரவேற்பார்கள் என்று சொல்வதற்கு முடியாது என்பதை இந்தச் சந்தர்ப்பத்திலே சொல்ல விரும்புகிறேன்.

"இப்பொழுது நடைமுறையில் எப்படி இருக்கின்றது? ஒரு வியாபாரிக்கு முந்திய வருடத்தில் மொத்த வியாபாரத்தொகைக்கு உத்தேசமாக வரி விதித்து மாதாமாதம் வரிகட்டுவதற்கு உத்தரவு போடுகிறார்கள். அதாவது முந்திய ஆண்டில் ரூ. 300 வரிகட்டியிருந்தால் மாதா மாதம் ரூ. 25 வீதம் கட்டிவரவேண்டும். ஆண்டு இறுதியில் விற்பனை நடந்த மொத்த தொகைக்கு வரி விதித்து கூடுதல் குறைவுக்குச் சரிக்கட்டி உத்தரவு போடுகிறார்கள். இது ஏ 2 என்று ரூலை வைத்திருக்கிறார்கள். ரூ. 30,000-க்குமேல் விற்பனைத் தொகை வந்துவிட்டால் ரூல் நெ. 13 பிரகாரம் அந்தந்த மாத வியாபாரத் தொகைக்கு அடுத்த மாதம் 25 தேதிக்குள் ஏ 3 என்ற ரிட்டர்ன் பூர்த்தி செய்து வரிகட்டலாம். பொதுவாக கவர்ன்மெண்டுக்கும் பொது லாப நஷ்டக் கணக்குப் பார்த்து, கணக்குக்கு மேல் உத்தேசமாக எண் 4 மேட்டைக்கூட்டி வரியை அதிகமாக விதிக்கப்படுகிறது. ஆகையால் இப்படிப்பட்ட சங்கடங்கள் பல இருப்பதினால் வியாபாரிகள் தொல்லிப்படுகிறார்கள்.

"1953-ஆம் ஆண்டிலே இந்த பொது விற்பனை வரி அமுலில் இருக்கின்றதை ஆராய்ந்து பார்ப்பதற்காக ஒரு முக்கூட்டு கமிட்டி அமைக்கும் படி அமைச்சர் அவர்களைக் கேட்டுக்கொண்டேன். அதற்கு அமைச்சர் அவர்களும் ஒப்புக்கொண்டார்கள். ஆனால் பின்னால் பல காரணங்களினால் அது கைவிடப்பட்டதாகத் தெரிகிறது. இப்போதுதான் உத்தியோகஸ்தர்கள் அடங்கிய ஒரு கமிட்டியை நிறுவியிருப்பதாகச் சொல்லப்படுகிறது.

18th March 1955] [Sri V. V. Ramaswami]

அதாவது இந்தச் சட்டத்தை அமுல் நடத்துவதில் வியாபாரிகளின் எப்படி பாதிக்கப்படுகிறார்கள் என்பதை ஆராய்ந்து சொல்லுவதற்காக உத்தியோகஸ்தர்கள் நியமிக்கப்பட்டிருப்பதாகச் சொல்லப்படுகிறது. இது பற்றி உத்தியோகஸ்தர்களைக் கேட்டால் நாங்கள் வியாபாரிகளுக்குத் தொல்லை கொடுப்பதில்லை, நாங்கள் வியாபாரிகளிடம் கொஞ்சம் கடுமையாக இருக்காவிட்டால் தற்சமயம் வசூலாகும் பணம்கூட வந்து சேராது, மறைத்து விடுவார்கள் என்றுதான் அந்த அதிகாரிகள் கூறுவார்கள். எனவே உத்தியோகஸ்தர்கள் அடங்கியுள்ள கமிட்டியினர் வியாபாரிகளின் கஷ்டங்களை எடுத்துச் சொல்லுவதற்கு முன்வரமாட்டார்கள் என்றுதான் அஞ்சலேண்டியிருக்கிறது. ஆகவே இதுபற்றி முடிவுக்கு வருமுன் சம்பந்தப்பட்ட வியாபாரிகள் அடங்கிய ஒரு மகாநாடு கூட்டி, அவர்களுக்கு இருக்கின்ற கஷ்டங்களையெல்லாம் சொல்லக்கேட்டு சுமுகமான முறையில் சட்டத்தைத் திருத்தி அமைக்கவேண்டுமென்பது என்னுடைய வேண்டுகோள். குறிப்பாக, இதில் ஒன்றைச் சொல்ல விரும்புகிறேன். ரூ. 7,500 வரையில் வரி கிடையாது. ஆனால் ரூ. 6,000 வரை வியாபாரம் செய்யக்கூடிய வியாபாரிகளிடம் ஏதாவது காரணம் சொல்லி, நீங்கள் ரூ. 7,500 அல்லது அதற்குமேல் வியாபாரம் செய்கிறீர்கள் என்று சொல்லி அவர்களை வரி செலுத்தச் செய்துவிடுகிறார்கள். ஒரு தடவை இப்படி கட்ட வேண்டுமென்றால் போனால் போகட்டும் என்று கட்டிவிடுவார்கள். அப்படி கட்டமுடியாது என்று சொன்னாலோ அவர்கள் அப்பீல் செய்ய வேண்டும். ரூ. 30, ரூ. 40-க்காக அப்பீல் செய்யவேண்டுமே என்று அவர்கள் வரியையே கட்டி விடுவார்கள். அப்படி ஒரு தடவை ஒப்புக்கொண்டு கட்டிவிட்டால், அதற்குப் பிறகு விடாமல் தொடர்ந்து கட்டவேண்டிய சங்கடம் அவர்களுக்கு ஏற்பட்டுவிடுகிறது. அவர்களுக்கு உண்மையிலேயே அதிக வருவாய் வராவிட்டாலும், இந்தக் கணக்கிலேயே அவர்களுக்கு விதிக்கப்படுகிறது. இவ்வாறு அதிகாரிகளுக்கு மதிப்பை உயர்த்துவதற்கு அதிகாரம் அளிக்கப்பட்டிருப்பதால், அவர்கள் பரிசீலனை செய்யாமலேயே இப்படித்தான் இருக்குமென்று சொல்லி வரிகொடுக்கும்படி சொல்லிவிடுகிறார்கள். இதை விலக்கிவிட்டால்தான், வியாபாரிகளுக்கு ஓரளவு தொல்லைகள் நீங்கும்.

“மேலும், மொத்த டரன் ஓவர் இவ்வளவு என்று கணக்குக் கொடுத்தால் விற்பனை வரி இலாகா அதிகாரிகள் வியாபாரிகளை ‘உங்களுக்கு அந்திலே எவ்வளவு லாபம் கிடைத்தது’ என்று கணக்கு கேட்கிறார்கள். வருமானவரி இலாகா அதிகாரிகளைப்போல் விற்பனைவரி இலாகா அதிகாரிகள் இப்படி கணக்கு கேட்பது சரியல்ல. வியாபாரிகள் தங்களுக்கு ஆற்றை பர்சென்ட் லாபம் என்று சொன்னால் ‘உங்களுக்கு குறைந்தது பத்து பர்சென்ட் லாபம் வந்திருக்கவேண்டும், நீங்கள் சொல்லுவதை நம்புவதற்கில்லை’ என்று சொல்லி அவர்களை மதிப்பிட்டு, அந்த முறையில் கணக்கிட்டு வரி வசூலிக்கிறார்கள். இந்த மாதிரியெல்லாம் அவர்களை பல சங்கடங்களுக்கு ஆளாக்குகிறார்கள். மேலும் வியாபாரிகளை யோக்கியமானவர்கள் என்று கருதாத ஒரு மனப்பான்மையை ஏற்படுத்தி விடுகிறார்கள். ஆகவே இம்மாதிரியான பல சங்கடங்களை ஏற்படுத்தாமல், நல்ல முறையிலே வசூலிக்க சட்டத்தைத் திருத்தி அமைத்தால், எல்லா வியாபாரிகளும் ஒத்துழைப்பார்கள். இதை நான் வியாபாரிகள் சார்பாக இச்சபை முன்பு சொல்லிக்கொள்ள விரும்புகிறேன். அவர்களை நம்பிக்கையானவர்கள், யோக்கியர்கள் என்று மதித்தால்தான் அவர்களும் அரசாங்கத்தோடு ஒத்துழைக்கத் தயாராக இருப்பார்கள். இவ்வாறு பல சங்கடங்கள் கொடுப்பதால், அரசாங்கமே அவர்களை வேறு பல காரியங்களைச் செய்வதற்குத் தூண்டுகோலாக அமைகின்றது. எப்படி உணவு கட்டுப்பாட்டால், மக்கள் பலவித அநியாய முறைகளைக் கையாள முன்வந்தார்களோ, அதேபோல் இவ்விதக் கட்டுப்பாட்டினால் பல விதமான மாற்றுக்காரியங்களில் இறங்க அரசாங்கமே தூண்டுதலாக இருக்கிறது. ஆகவே இதையெல்லாம் தடுப்பதற்கு உடனடியாக எல்லோருக்கும் சுமுகமாக ஏற்படுத்தும் விதத்தில் வரி வசூலிக்கும்படியான ஒரு சட்டத்தைக் கொண்டுவரவேண்டுமென்று சொல்லிக்கொண்டு, இப்பொழுது இந்த மசோதாவை ஆதரிக்கிறேன்.”

[Sri V. V. Ramaswami] [18th March 1955]

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p.m.

* THE HON. SRI M. A. MANICKAVELU :—“ Sir, the issue before us is a simple one. The method of advance collection of sales tax has been going on for the last fifteen years. Incidentally I may inform the hon. Deputy Leader of the Opposition that the rules were framed in 1939 and advance collection was going on under the rules. But an enterprising litigant took up this matter to the High Court and the High Court gave a decision that advance collection of tax cannot be done under the rule-making powers, but that this provision must find a place in the body of the Act itself. Therefore, Government have to bring in this amending Bill so as to provide for advance collection of tax in the Act itself. That is the simple thing. But certain hon. Members ranged over a wide field and talked about exemptions, merits and demerits of sales tax, and interesting subjects like marriage and ladies bedecked with jewels. We had also a sample of 19th century style of speaking.”

DR. V. K. JOHN :—“ May I know, Sir, what is meant by the 19th century style of speaking? ”

* THE HON. SRI M. A. MANICKAVELU :—“ I referred to Sri Deivasikhamani Achariar. The blame should go to the hon. Deputy Leader of the Opposition because it is he who traversed all over England, America and talked about the merits and demerits of sales tax. So, there is no wonder other hon. Members followed him. I cannot blame them. When the hon. Member Sri M. Ethirajulu talked about exemption and all that, the Hon. Chairman asked whether I did not understand him. I understood him because I know Tamil. But I was only wondering why he was embarking upon all those things. I cannot blame him because the hon. Deputy Leader of the Opposition himself set such an example. But he can take shelter by saying that the subject under discussion is sales tax and so they can talk about it.

“ Then coming to my hon. Member Sri Mohamad Raza Khan, Sir, I am reminded of a student in a class who is inattentive and talking to his neighbours and afterwards complaining that the teacher did not teach. This advance collection has been going on for a number of years. Either the taxing officer makes a provisional estimate of the year's collection and bases the tax on that, or option is given to the merchant to give his own estimate which may be even very low and the taxing officer accepts it and on that amount, he assesses the tax payable in advance. But finally at the end of the year the whole thing is revised. Therefore, there is no question of hardship. The Taxing Officer is prepared to take whatever the merchant gives as the return. The system has been working well. In fact certain merchants welcome it because they are rid of the bother by paying the tax once in a month, or two months or three months according to the convenience of the merchants.

18th March 1955] [Sri M. A. Manickavelu]

“ This has not caused any hardship. But there was this technical defect. That is why the Government have come forward with this amending Bill.

“ In regard to the Agricultural Plantations Income-tax Bill, I conceded that there were certain defects and ill-drafting. Therefore perhaps the Hon. the Deputy Leader of the Opposition was emboldened to say that there were defects in this Bill also. Certainly, I am not going to concede that there are any defects in this Bill. There is no defect at all. It is quite all right. Once the High Court said that a certain thing was wrong, and the Government took steps for rectifying the defect by bringing in an amending legislation, it is the duty of the Government to see that the legislation is quite proper. Whether it is practical to give retrospective effect for all years or not, is immaterial. But when we amend the Act, we must amend it properly and see that all acts done wrongly, according to the High Court decision, are set right. But for all practical purposes, this amending legislation will have retrospective effect only for the last one or two years. The Hon. the Deputy Leader of the Opposition asked, ‘ How can this affect one or two previous years? ’ It will affect, Sir, in this way. For one year the accounts may be closed. But it may be a case taken on appeal. It will take some time for the appeal to be disposed of. In that case, it will not necessarily be one year but it will cover two years. But everything will be over in two years. That is why I said, ‘ one or two years. ’ There is nothing inconsistent here. There is no ill-drafting either. Everything is all right. The Hon. the Deputy Leader of the Opposition is still perhaps thinking of the Agricultural Plantations Income-tax Bill. Sir, we are now on the Sales Tax (Amendment) Bill.”

MR. CHAIRMAN :—“ The question is—

‘ That the Madras General Sales Tax (Amendment) Bill, 1955 (L.A. Bill No. 4 of 1955), as passed by the Assembly, be taken into consideration.’ ”

The motion was carried and the Bill was taken into consideration.

Clauses 2, 3 and 1 were put and carried.

The Preamble was put and carried.

* THE HON. SRI M. A. MANICKAVELU :—“ Sir, I move—

‘ That the Madras General Sales Tax (Amendment) Bill, 1955 (L.A. Bill No. 4 of 1955), as passed by the Assembly, be passed.’ ”

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MR. CHAIRMAN :—“ The question is—

‘ That the Madras General Sales Tax (Amendment) Bill, 1955 (L.A. Bill No. 4 of 1955), as passed by the Assembly, be passed.’ ”

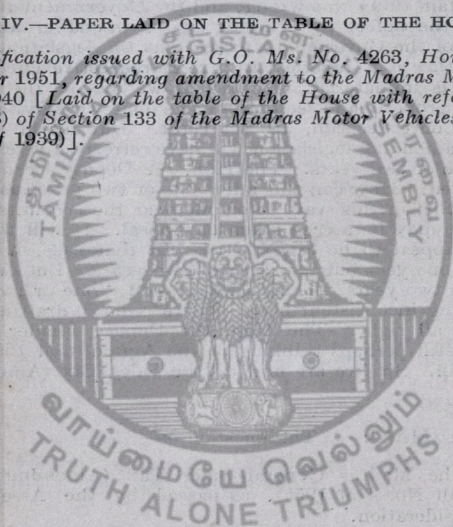
The motion was carried and the Bill was passed.

MR. CHAIRMAN :—“ The House will now adjourn and meet again at 3 p.m. to-morrow.”

The House then adjourned.

IV.—PAPER LAID ON THE TABLE OF THE HOUSE.

^a Notification issued with G.O. Ms. No. 4263, Home, dated 7th November 1951, regarding amendment to the Madras Motor Vehicles Rules, 1940 [Laid on the table of the House with reference to subsection (3) of Section 133 of the Madras Motor Vehicles Act (Central Act IV of 1939)].



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APPENDIX I.

[Vide answer to starred question No. 246 asked by Sri T. Puroshotham at the meeting of the Legislative Council held on 18th March 1955, page 613 supra.]

Name of statue.	Location.
1 Munro Statue	Mount Esplanade Road.
2 Miller's Statue	Esplanade Road, Opposite to High Court.
3 George V Statue	North Beach Road, near Victory Memorial.
4 Edward VII Statue	Opposite to Government House, Mount Road.
5 Lord Willingdon Statue	Mount Esplanade Road.
6 George V Statue	Netaji Subhas Chandra Bose Road (near Flower Bazaar Police Station).
7 Annie Besant Statue	South Beach Road.

APPENDIX II.

[Vide item III (2) on page 639 supra.]

L.A. BILL No. 4 OF 1955.

(As passed by the Assembly.)

A Bill further to amend the Madras General Sales Tax Act, 1939.

WHEREAS it is expedient further to amend the Madras General Sales Tax Act, 1939 (Madras Act IX of 1939), for the purposes hereinafter appearing;

BE it enacted in the Sixth Year of the Republic of India as follows :—

1. *Short title and extent.*—(1) This Act may be called the Madras General Sales Tax (Amendment) Act, 1955.

(2) It extends to the whole of the State of Madras.

2. *Amendment of section 3, Madras Act IX of 1939.*—In section 3 of the Madras General Sales Tax Act, 1939 (Madras Act IX of 1939) (hereinafter referred to as the principal Act)—

(i) after sub-section (1), the following sub-section shall be inserted, namely :—

“(1-A) The tax for each year may be assessed, levied and collected in advance during the year in monthly or quarterly instalments, and for that purpose a dealer may be required to furnish either an advance estimate of his turnover for the year, or periodical

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returns of the actual turnover as may be prescribed. The assessing authority may determine the amount of tax payable in respect of any period and on such assessment the dealer shall pay the sum demanded within such time as may be fixed by such authority.”;

(ii) in sub-section (5), for the expression “ sub-sections (1) and (2) ”, the expression “ sub-sections (1), (1-A) and (2) ” shall be substituted.

3. *Act to have retrospective effect.*—The principal Act shall be read and construed as if the amendments made by section 2 had formed part of the principal Act from its commencement.

